

**PETROLEUM MARKET MODEL  
OF THE  
NATIONAL ENERGY MODELING SYSTEM**

**Part 2 - Appendices B thru J**

**October 2012**

**Office of Energy Analysis  
U.S. Energy Information Administration  
U.S. Department of Energy  
Washington, DC 20585**

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## **APPENDIX B**

### **Mathematical Description of Model**

## APPENDIX B. Mathematical Description of Model

In the refining industry, each refiner is trying to minimize the cost of meeting demands. Therefore, the market moves toward lower-cost refiners who have access to crude oil and markets. A key premise is that the selection of crude oils, refinery process utilization, and logistics will adjust to minimize the overall cost of supplying the market with petroleum products. In order to generate refined product prices, the PMM contains a linear programming (LP) model of the U.S. petroleum refining, liquid fuels production, and marketing system that meets demand for refined products while minimizing costs. This Appendix describes the mathematical model represented by the LP.

The PMM, like the other NEMS models, is written in FORTRAN. The software includes the Optimization Modeling Library (OML), a set of FORTRAN callable subroutines. The LP portion of the PMM is a complete problem matrix, most of which is prepared prior to NEMS processing. The coal supply curves (linked to the Coal-to-Liquids processing) and the E85 demand curves are the exception. These components are created within the PMM code, using information provided each year by other models. Thus, at the beginning of a NEMS run, the LP is loaded into an OML database; and, every iteration, every year, the matrix is updated with the values to be used for that year, copied into memory, and solved.

It is necessary to view the PMM in the context of the NEMS program to understand its function. For each cycle, the main NEMS model calls the demand models to calculate energy demands. Each supply model is then called to calculate energy prices. When the prices and demands converge to within the specified tolerance, the NEMS iteration is complete and the next yearly NEMS cycle begins. If the computed prices have not converged, new demand quantities are computed, passed to the supply models, and the cycle is repeated. In the case of the PMM, a supply model, the refined product prices are obtained from the marginal prices of an optimal solution to the PMM LP, with transportation costs and taxes added. These product prices are sent to the NEMS demand models. The LP matrix is updated with the new demands for refined products and the cycle continues until convergence is reached. The demand level modifications to the PMM LP and the re-optimization of the LP matrix are accomplished by executing FORTRAN callable subroutines.

For *AEO2012* the original generation of the PMM matrix is performed using OML<sup>B-1</sup> and FORTRAN. OML (Optimization Modeling Library) is a library of FORTRAN callable subroutines for data table manipulation, matrix generation, and solution retrieval programs for report writing. These same library functions are also called to update the matrix during a NEMS run. The matrix is solved with the optimizer, C-WHIZ.<sup>B-2</sup>

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<sup>B-1</sup> Ketron Management Science, Inc., *Optimization Modeling Library, OML User Manual*, (November 1994).

<sup>B-2</sup> Ketron Management Science, Inc., *C-WHIZ Linear Programming Optimizer, User Manual*, (July 1994).

## **B.1 Model Structure**

The general structure of the matrix is shown in Table B1.

**Table B1. PMM Linear Program Structure**

PMM Linear Program Overview												
	Crude Trans.	Purchases Crude Oil, Other Inputs	Crude Distillation	Other Process Unit Operations	Capacity Expansion	Ethanol	Blending	Product Sales	Product Trans.		Row Type	RHS
Objective	-ct	-c	-o	-o	-i	-i -fd/+co		+p	-pt		NC	Max
Crude Oil Balance	+1 +1 -1	+1 +1 +1	-1 -1								GE	0
Intermediate Stream Balance			+y +y	-1 -1 +y +y		-1 +1 -1 +1	-1 -1				GE	0
Utilities		+1	-u	-u +1		-u					GE	0
Policy Constraints				+z -z				+z -z			GE LE	0
Environmental Constraints			+q	+q							GE LE	E
Unit Capacities			+1	+1	-1	+1					LE	K
Quality Specifications							+q +q -Q				GE LE	0
Product Sales							-1	-1	-1 +1 -1		GE	0
Pipeline/Marine Capacities	+1 +1					-1			+1 +1		LE	C
Bounds	Up/Lo/Fix	Up/Lo/Fix				Up		Up/Lo/Fix				
Legend:	c = crude cost p = price Q = product specifications	y = yield z = policy ratio C = pipeline/marine capacity	u = utility consumption q = stream quality E = environmental quality limit	K = unit capacity ct = crude transportation cost i = investment cost		o = operating cost pt = product transportation cost fd/co=Feedstock /Co-product credit						

## B.2 Notation

The PMM LP matrix is composed of an objective function and mathematical equations, whose variable names and constraint names are defined with specific notation. These variable names, constraint names, and indexes are defined in Appendix G. The current appendix uses the following conventions:

- The index (r) refers to the five refinery regions (PAD Districts), the index (d) refers to the nine demand regions (Census Divisions), the index (wr) refers to the four non-North American world regions, and the index (br) refers to biomass supply region (1-16, from the Renewable Fuels Model).
- In the objective function,  $C$  and  $P$  are generic representations of a cost coefficient and a revenue coefficient, respectively.
- In the constraints,  $A$  is a generic representation of a parameter.
- In the constraints, letters with subscripts represent parameters.

### B.3 Objective Function

The objective function represents an accounting of the revenues and costs associated with importing and producing petroleum products and other liquid fuels, in order to meet domestic and foreign petroleum product demands. The goal is to maximize revenues minus costs:

**MAX: Revenues - Costs**

This is represented by the objective function below. Note that the objective function presented below has been subdivided into revenue and cost categories in order to clearly identify what the terms represent.

**Alaska exports:**

$$+ P \cdot ZZAMHTOT + \sum_{i=4}^6 P \cdot NZAMHP(i) - \sum_{i=1}^3 C \cdot NZAMHN(i) - C \cdot PANGLQ1 - C \cdot TAAMHXZ$$

**Cogeneration:**

$$+ \sum_r [P \cdot R(r)CGNCGN - C \cdot E(r)CGNINV - C \cdot L(r)CGNBLD]$$

$$+ \sum_r [P \cdot R(r)CGXCGN - C \cdot E(r)CGXINV - C \cdot L(r)CGXBLD]$$

$$+ \sum_r [\sum_{mod} P \cdot R(r)CHP(mod) - C \cdot E(r)CHPINV - C \cdot L(r)CHPBLD]$$

**Crude imports:**

$$- \sum_r \sum_{crt} \sum_{Qs} C \cdot P(r)(crt)(Qs) - \sum_r \sum_{crt} \sum_m \sum_{r'} Y(r)(crt)(m)(r')$$

**Domestic product demands and transport (E85 created in PMM):**

$$+ \sum_d [\sum_{prd} P \cdot D(d)(prd)S1 - C \cdot CUSCREDIT - C \cdot ESCAPEVL + \sum_{s=01}^{56} C \cdot D(d)E85(s)]$$

$$- \sum_d \sum_{prx} \sum_m \sum_{d'} C \cdot W(d)(prd)(m)(d') - \sum_r \sum_{prx} \sum_m \sum_d C \cdot W(r)(prd)(m)(d)$$

**Product exports**

$$+ \sum_{d'} \sum_{prx} P \cdot D(d')(prx)SX + P \cdot D9ASTSX \quad (\text{for } d' = 2, 3, 7, 8, 9)$$

**Product and blend component imports, unfinished oil imports, methanol imports:**

$$\begin{aligned}
 & - \sum_r \sum_{pri} \sum_{s=1}^3 \sum_{wr=n,r,u,a} C \cdot I(r)(pri)(wr)(s) + \sum_r \sum_{ufo} \sum_{s=1}^3 \sum_{wr} C \cdot I(r)(ufo)(wr)(s) \\
 & - \sum_r \sum_{s=1}^9 C \cdot I(r)METR(s)
 \end{aligned}$$

**Product distresses:**

Export cost and import cost:

$$- \sum_{d'} \sum_{px9} C \cdot D(d')(px9)Z9 - \sum_d \sum_{pi9} C \cdot I(d)(pi9)Z9 - C \cdot I @ METZ9$$

(where d' = demand regions which can export: 2, 3, 7, 8, 9)

**Domestic crudes and transport costs:**

$$\begin{aligned}
 & - \sum_{o+A} [C \cdot P(o)DCRQ1 - \sum_{crd} \sum_m \sum_r C \cdot Y(o)(crd)(m)(r)] - C \cdot TAGTLTOT - C \cdot TANSOTOT \\
 & - \sum_r \sum_{crd} \sum_m \sum_{r'} C \cdot Y(r)(crd)(m)(r')
 \end{aligned}$$

**Renewable ethanol and biodiesel :**

Ethanol co-products (ist=distillers grain (DDG,EDG), glycerin (GLY), wet mill co-product (WMC)):

$$+ \sum_{d=3,4} \sum_{mod} P \cdot H(d)(ist)TOT$$

Ethanol and biodiesel carbon tax credit (default, P=0):

$$\begin{aligned}
 & + \sum_d P \cdot H(d)CETCCT + P \cdot H(d)CLECCT + P \cdot H(d)BDVCCT + P \cdot H(d)BDNCCT \\
 & + \sum_r P \cdot J(r)GRDCCT + P \cdot J(r)GRNCCT + \sum_d P \cdot H(d)AETCCT
 \end{aligned}$$

Corn/advanced starch and biomass supply and transport:

$$\begin{aligned}
 & - \sum_d \sum_{s=1}^5 [C \cdot C(d)CRNR(s) + C \cdot C(d)GRNR(s)] - \sum_{bt} \sum_{br=01-16} \sum_{s=01}^{49} C \cdot C(br)B(bt)(ss) \\
 & - \sum_d \sum_m \sum_{d'} W(d)CRN(m)(d')
 \end{aligned}$$

Fuel use:

$$- \sum_d C \cdot N(d)ETHCOA$$

Transport of denaturant for ethanol:

$$- \sum_r \sum_{d \in r} C \cdot H(r)NATE(d) - \sum_r \sum_{d \in r} C \cdot H(r)SSEE(d)$$

Capital costs for new and existing corn ethanol unit (DM1, DM2) capacity:



$$\begin{aligned}
& - \sum_d C \cdot E(d)CETDM1 - \sum_d C \cdot L(d)CETDM1 \\
& - \sum_d C \cdot E(d)CETDM2 - \sum_d C \cdot L(d)CETDM2
\end{aligned}$$

Fixed costs for new and existing cellulosic and advanced ethanol units (CLE, CLZ, AET) capacity:

$$\begin{aligned}
& - \sum_d C \cdot E(d)CLEINV - \sum_d C \cdot L(d)CLEBLD - \sum_d C \cdot E(d)CLZINV \\
& - \sum_d C \cdot E(d)AETINV - \sum_d C \cdot L(d)AETBLD
\end{aligned}$$

Capital costs for new and existing biodiesel unit (virgin (BDV), non-virgin (BDN), white grease (BDW)) capacity:

$$\begin{aligned}
& - \sum_d C \cdot E(d)BDVINV - \sum_d C \cdot L(d)BDVBLD \\
& - \sum_d C \cdot E(d)BDWINV - \sum_d C \cdot L(d)BDWBLD \\
& - \sum_d C \cdot E(d)BDNINV - \sum_d C \cdot L(d)BDNBLD
\end{aligned}$$

Biodiesel feedstock supply (seed oil (SBO), palm oil (PLM, for d=4,9 only), white grease (WGR), yellow grease (YGR)):

$$\begin{aligned}
& - \sum_d \sum_{s=01}^{99} C \cdot C(d)SBOR(s) - \sum_{d=4,9} [C \cdot I @ PLMM(d) + /- \sum_{s=1}^5 C \cdot I(d)PLMR(s)] \\
& - \sum_{s=1}^5 C \cdot I @ PLMR(s) - \sum_d \sum_s C \cdot C(d)WGRR(s) - \sum_d \sum_s C \cdot C(d)YGRR(s)
\end{aligned}$$

Cogenerated electricity to grid, from cellulosic ethanol:

$$+ \sum_d P \cdot H(d)CLEKWH$$

Interregional transport of ethanol and biodiesel:

$$\begin{aligned}
& - \sum_d \sum_{d'} \sum_m C \cdot W(d)BIM(m)(d') - \sum_d \sum_{d'} \sum_m C \cdot W(d)BIN(m)(d') \\
& - \sum_d \sum_{d'} \sum_m C \cdot W(d)ETH(m)(d') - \sum_d \sum_{d'} \sum_m C \cdot W(d)ETA(m)(d')
\end{aligned}$$

Ethanol and biodiesel imports/exports (linked to world regions, wr= n, r only):

$$\begin{aligned}
& + \sum_s P \cdot D3ETHSX(s) + \sum_s P \cdot D4ETHSX(s) \\
& + /- \sum_{d=7,9} \sum_{s=1}^5 P \cdot I(d)BIMR(s) \quad - \sum_{s=1}^5 C \cdot I @ BIMR(s) \\
& + /- \sum_{wr} \sum_{s=1}^5 \sum_{d=2,5,7,9} P \cdot I(d)ETC(wr)(s) \quad - \sum_{s=1}^5 C \cdot I @ ETCR(s) - \sum_{d=2,5,7,9} C \cdot I @ ETCM(d) \\
& + /- \sum_{wr} \sum_{s=1}^5 \sum_{d=2,5,7,8,9} P \cdot I(d)ETA(wr)(s) \quad - \sum_{s=1}^5 C \cdot I @ ETAR(s) - \sum_{d=2,5,7,9} C \cdot I @ ETAM(d)
\end{aligned}$$

$$\begin{aligned}
& - \sum_{d=8} C \cdot I @ ETAC(d) \\
& - C \cdot I @ ETAUSB - C \cdot I @ ETCUSB - C \cdot I @ TOTCBB
\end{aligned}$$

**Carbon tax for refinery fuel use:**

$$- \sum_r C \cdot T(r)CBNTAX$$

**Gasoline and diesel blending:**

$$- \sum_r \sum_{mgb} C \cdot Q(r)(mgb) - \sum_r \sum_{dfo} C \cdot Q(r)(dfo)$$

**Capital costs for new and existing unit capacity (refinery and merchant plant):**

$$- \sum_r \sum_{uns} C \cdot E(r)(uns)INV - \sum_r \sum_{uns} C \cdot L(r)(uns)BLD$$

**Merchant plant:**

Generated and purchased electricity:

$$\begin{aligned}
& + \sum_r P \cdot H(r)CTXKWH + \sum_r P \cdot H(r)BTLKWH - \sum_r H(r)KWHMCH \\
& + \sum_r P \cdot H(r)CBLKWH
\end{aligned}$$

Operating variable costs:

$$- \sum_r C \cdot T(r)MCHOVC$$

Transfers to and from merchant plant:

$$\begin{aligned}
& - \sum_r \sum_{ist'} [C \cdot H(r)MPGP(ist')] - \sum_r \sum_{ist'} C \cdot H(r)MPRF(ist') \\
& - \sum_r \sum_{ist'} C \cdot H(r)GPMP(ist') - \sum_r \sum_{ist'} C \cdot H(r)RFMP(ist')
\end{aligned}$$

where ist' = characters 1 and 3 of ist

Alaska natural gas supply curve for GTL processing and product transfer:

$$- \sum_r \sum_s C \cdot N(r)NGKN(s) - \sum_m \sum_r WAGTL(m)(r)$$

Coal supply, transportation, and SO<sub>2</sub> emissions accounting for coal-to-liquids (CTL): (created in PMM, not MRM)

$$\begin{aligned}
& - \sum_n \sum_j \sum_k C \cdot CT(n)(j)(k) \\
& - \sum_n \sum_k \sum_q C \cdot CP(n)(k)(q) - C \cdot P\_SO2\_1 - C \cdot P\_SO2\_2
\end{aligned}$$

CO<sub>2</sub> from CTL, BTL, CBTL emissions:

$$- \sum_r \sum_s C \cdot N(r)CO2N(s)$$

**Natural gas supply steps to refinery:**

$$+ \sum_r \left[ \sum_{i=1}^4 P \cdot N(r)NGRFN(i) - \sum_{i=5}^8 C \cdot N(r)NGRFP(i) \right]$$

**Non-refinery natural gas and methanol plant:**

Revenue from shift of ethane to natural gas:

$$+ \sum_r [P \cdot G(r)SC2CC1]$$

Operating variable costs:

$$- \sum_r C \cdot T(r)GPLOVC$$

Cost to transform natural gas liquids (NGL) to product:

$$- \sum_r C \cdot G(r)(ngl)OTH - \sum_r C \cdot G(r)(ngl)LPG - \sum_r C \cdot G(r)(ngl)FLG - \sum_r C \cdot G(r)(ngl)PCF$$

Cost to transport NGL (ist=C4, C5+) to refinery (RFN):

$$- \sum_r \sum_{ist} [C \cdot G(r)(ist)RFN]$$

Cost to transfer methanol to refinery, chemical industry:

$$- \sum_r C \cdot G(r)METRFN - \sum_r C \cdot G(r)METDEM$$

Cost to add methanol plant capacity:

$$- \sum_r C \cdot E(r)MOHINV - \sum_r C \cdot L(r)MOHBLD$$

**Recipe blending:**

$$+ \sum_r [P \cdot X(r)CKHCOK + P \cdot X(r)CKLCOK + P \cdot X(r)SULSAL]$$

$$- \sum_r C \cdot X(r)AVG0$$

**Refinery processes:**

Capital cost of new and existing capacity:

$$- \sum_r \sum_{uns} [C \cdot E(r)(uns)INV + C \cdot L(r)(uns)BLD + C \cdot K(r)(uns)CAP] + \sum_r K(r)ACUMOTH$$

Operating variable costs:

$$- \sum_r C \cdot T(r)OVCOBJ$$

Utilities:

$$- \sum_r \sum_{uuu} C \cdot U(r)(uuu) - \sum_r C \cdot R(r)FUMNGS$$

Hydrogen production:

$$+/- \sum_r \sum_{mod} C \cdot R(r)H2P(mod)$$

**Domestic marginal refinery representation:**

Basic annualized capital and variable operating cost to produce petroleum product pools:

$$- \sum_r C \cdot R(r)MARFLL + \sum_r K(r)MARMOTH - \sum_r K(r)MARCAP$$

Added cost differential to produce specific distillates, motor gasoline, and propane types:

$$\begin{aligned} & - \sum_r [C \cdot R(r)DISDSU + C \cdot R(r)DISDSL + C \cdot R(r)GASTRG + C \cdot R(r)GASSSR] \\ & + \sum_r [C \cdot R(r)RESARB + C \cdot R(r)RESN6I - C \cdot R(r)LRGLPT - C \cdot R(r)LRGFLG] \\ & - \sum_r [C \cdot R(r)SWGDSL + C \cdot R(r)SWGDSU + C \cdot R(r)SWGTRG + C \cdot R(r)SWGSSR + C \cdot R(r)SWGJTA] \end{aligned}$$

Domestic crude supplied to marginal refinery:

$$- \sum_r C \cdot T(r)DLLTLL$$

**World refinery:**

World crude supply curve, total and regional:

$$- \sum_{s=1}^9 C \cdot PWRLDQ(s) + \sum_{wcrd} \sum_{s=1}^5 P \cdot P@(wcrd)Q(s)$$

Product Demand curve, world regional transfers, distress supply:

$$+ \sum_{wr} \sum_{wprd} \sum_{s=1}^9 P \cdot D(wr)(wprd)S(s) - \sum_{wr} \sum_{wprd} C \cdot P(wr)(wprd)DEX - \sum_{wr} \sum_{wprd} C \cdot P(wr)(wprd)TMP$$

Basic annualized capital and variable operating cost to produce petroleum product pools:

$$- \sum_{wr} C \cdot R(wr)MARFLL - \sum_{wr} C \cdot R(wr)MARIMC$$

Added cost differential to produce specific distillates, motor gasoline, and propane types:

$$\begin{aligned} & - \sum_{wr} [C \cdot R(wr)DISDSU + C \cdot R(wr)DISDSL + C \cdot R(wr)DISJTA + C \cdot R(wr)DISN2H] \\ & - \sum_{wr} [C \cdot R(wr)NAPTRG + C \cdot R(wr)NAPSSR + C \cdot R(wr)NAPPCF + C \cdot R(wr)RUNAPSSE + C \cdot R(wr)ILGL2D] \\ & - \sum_{wr} [C \cdot R(wr)N6IRES + C \cdot R(wr)N6BRES + C \cdot R(wr)IUPRD1 + C \cdot R(wr)IUPRD2 + C \cdot R(wr)IUPN2D] \end{aligned}$$

Regional product transport:

$$- \sum_{wr} \sum_{wprd} \sum_m \sum_{wr'} C \cdot W(wr)(wprd)(m)(wr')$$

World NGL supply:

$$- \sum_{s=1}^9 PGLBNGL(s)$$

**Other variables-- (compressed NG (CNG), electric vehicle (EV) demand, LNG demand, escape variables, ethanol from CD to PADD, and others):**

$$+ C \cdot CNGDMD + C \cdot EVDMD - C \cdot ESCAPE - C \cdot ESCAPEVL$$

$$- C \cdot PRIOCRT + C \cdot LPGDMD - \sum_d \sum_m \sum_r W(d)ETH(m)(r)$$

$$+ \sum_r [C \cdot H(r)ACATOT + C \cdot H(r)BCHTOT]$$

## B.4 Constraints

### Accounting Constraints

The following “accounting constraints” are “free” (i.e., unconstrained) and therefore do not affect the PMM optimization:

A(d)(prd), A(r)(prd), A@AKAEXP, A(d)BDN(uuu), A(d)BDV(uuu), A(d)BDW(uuu), A(d)BIMPRD, A(d)BINPRD, A@BIMPRD, A@BINPRD, A@BIDEXP, A@BTL, A(r)BTLWH, A@CBL, A(d)CET(fuel), A(d)(xxx)CNS, A@(xxx)CNS, A(r)CHPCGN, A@COKEXP, A@CRDAKA, A@CRDDCR, A@CRDEXP, A(r)CRDFCR, A@CRDFCR, A@CRDL48, A@CRDSPR, A@CRDTOT, A(r)CRX(crt),, A(r)CTLWH, A(r)DSLCTI, A(r)DSUCTI, A(r)DSCCTI, E(r)(emis), A(d)ETH, A@ETAPRD, A@ETHE85, A@ETHR15, A@ETHEXP, A@ETHRFG, A@ETHRFH, A@ETHTRG, A@ETHTRH, A(r)ETHRFN, A(r)FUEL, A@FUEL, A(r)FUM(xxx), A@FUM(xxx), A(r)FXOC, A@FXOC, A(d)G08(yyy), A(r)G(gbt)(xxx), A@G(yy)(xxx), A(r)GAIN, A@GAIN, A(r)GPLLPG, A(r)GPLOTH, A(r)GPLPCF, A(r)GPFDLG, A(r)GRD2DS, A(r)GRN2MG, A(d)GRNCNS, A@GRNCNS, A@KWHRFN, A@MARPRD, A(d)METBDT, A@METBDT, A@METDEM, A(r)METIMP, A@METIMP, A(d)METM85, A@METM85, A@METPRD, A(r)METRFN, A(r)NATDEN, A(r)NGFTOT, A@NGFTOT, A(r)NGLPRD, A@NGLPRD, A(r)NGLRFN, A@NGLRFN, A(r)NGSH2P, A@NGSH2P, A(r)NGSMER, A@NGSMER, A(r)NGSMET, A@NGSMET, A(r)NGSRFN, A(r)PETCOK, A@PETCOK, A(x)PRDEXP, A@PRDEXP, A@PRDDDEM, A@PRDRFN, A(r)PYDCCT, A(r)PYNCCT, A(r)PYO2DS, A(r)PYO2MG, A(r)SG2H2P, A@SG2H2P, A(d)RFG(yyy), A(d)TRG(yyy), A(r)RFGM00, A(r)RFGR00, A(r)TRGM00, A(r)TRGR00, A(r)SULSAL, A@SULSAL, A(r)UNFIMP, A@ZZEXP, A@ZZIMP, C(r)BTL(liq), C(r)BTLTOT, C(r)CTL(liq), C(r)CTLTOT, C(r)CBL(liq), C(r)CBLTOT, C(r)GTL(liq), C@ETHCRD, C@ETHVOL, P(r)(pol), P(r)COK, P(r)LOS, H(r)LOS, G(r)LOS, L(d)CETCAP, OPAFLTC, OPAFLTD, OPAFLTL, OPAFLTO, O(o)(crd), Z@FLLIMP, Z@IRACN, Z@IRACX

(emis) = vocn, vocc, soxn, soxc, carn, carc, co1n, colc, co2c, noxn, noxc

(fuel) = KWH, NGS, COA

(liq) = liquid streams produced from BTL, CTL, GTL processing

(pol) = policy concerns

(prd) = product codes

(uuu) = utilities KWH, STM, NGS

(x)= export CD 2, 3, 7, 8, 9

(xxx) = fuel streams

(yyy) = TRG, RFG, TRH, RFG

### **A@1YRBLD**

The total ACU (atmospheric crude unit) capacity addition in a single year is constrained by a maximum.

$$\sum_r E(r)1YRBLD \leq \max$$

$E(r)1YRBLD$  ACU capacity added in region (r) in the current year.

max Maximum allowable ACU capacity addition in a single year

### **A@CBBIMP**

The total quantity of ethanol from Brazil that is imported to the U.S. through the Caribbean Basin is composed of biomass ethanol and advanced ethanol.

$$I @ TOTCBB = I @ ETACBB + I @ ETCCBB$$

$I@TOTCBB$  Total ethanol imported to the U.S. from Brazil through the Caribbean Basin.

$I@ETACBB$  Total advanced ethanol imported to the U.S. from Brazil through the Caribbean Basin.

$I@ETCCBB$  Total biomass ethanol imported to the U.S. from Brazil through the Caribbean Basin.

### **A@CETEMX**

Approximate foresight by limiting corn ethanol builds.

$$\sum_d E(d)CETDM1 + E(d)CETDM2 \leq \max$$

$E(d)CETDM1$  New corn ethanol (dry mill) capacity built in current year.

$E(d)CETDM2$  New corn ethanol (advanced dry mill) capacity built in current year.

### **A@COKEXP**

Previously, the total quantity of coke exported from all regions (d) was constrained to be greater than some minimum. Now this constraint is FREE.

$$\sum_{d'} D(d')COKSX \text{ FREE for } d' = 2, 3, 7, 8, 9$$

$D(d')COKSX$  Quantity of coke exported from region (d' = 2, 3, 7, 8, 9).

min Minimum total coke exports.

## A@CLZPRD

Maximum CTL capacity allowed to receive a credit for its gasifier component according to the Energy Policy Act of 2005 of 2005.

$$\sum_d [E(r)CLZINV + K(r)CLZCAP] \leq \max$$

$E(r)CLZINV$	Unplanned CTL capacity allowed to receive gasifier credit.
$K(r)CLZCAP$	Planned or existing CTL capacity allowed to receive gasifier credit.
max	Maximum total CTL capacity allowed to receive gasifier credit.

## A@ETCPRD

Total production of cellulosic ethanol must not exceed the market penetration as defined by the Mansfield-Blackman (M-B) algorithm.

$$\sum_d H(d)ETCTOT \leq \max_{ETC}$$

$H(d)ETCTOT$  Total production of cellulosic ethanol in region (d).

$\max_{ETC}$  Upper limit on total cellulosic ethanol production in the United States, based on the Mansfield-Blackman penetration algorithm (Appendix F).

## A@ETHPRD

An accounting of total ethanol produced by and imported to the U.S., with the potential to put a limit on the maximum total (no limit set for AEO2012).

$$\begin{aligned} & \sum_d [H(d)ETCTOT + H(d)ETHTOT + H(d)CETADV + H(d)CETEXP] \\ & + \sum_{d=2,5,7,9} I@ETCM(d) + \sum_{d=2,5,7,9} I@ETAM(d) \\ & + \sum_{d=8} I@ETCC(d) + \sum_{d=2} I@ETAC(d) \leq \max_{ETH} \end{aligned}$$

$H(d)ETCTOT$  Total production of cellulosic ethanol in region (d).

$H(d)ETHTOT$  Total production of corn ethanol in region (d).

$H(d)CETADV$  Total production of advanced ethanol in region (d).

$H(d)CETEXP$  Total production of corn ethanol exported in region (d).

$I@ETCM(d)$  Total imports of cellulosic ethanol from Brazil into region (d=2,5,7,9).

$I@ETAM(d)$  Total imports of advanced ethanol from Brazil into region (d=2,5,7,9).

$I@ETCC(d)$  Total imports of cellulosic ethanol from Canada into region (d=2).

$I@ETAC(d)$  Total imports of advanced ethanol from Canada into region (d=8).



$\max_{ETH}$  Maximum allowable supply of ethanol to the U.S. (set large for *AEO2012*, thus non-binding).

### **A@(xxx)FU**

Total use of refinery fuels related to (xxx = LPG,OTH,RES,STG) is constrained in all U.S. regions.

$$\mathbf{A@LPGFU}: \sum_r \sum_m R(r)FUM(m) \leq \max \quad m = \text{refinery fuels related to LPG}$$

$$\mathbf{A@OTHFU}: \sum_r \sum_m R(r)FUM(m) \geq \min \quad m = \text{refinery fuel related to OTH}$$

$$\mathbf{A@RESFU}: \sum_r \sum_m R(r)FUM(m) \leq \max \quad m = \text{refinery fuel related to RES}$$

$$\mathbf{A@STGFU}: \sum_r \sum_m R(r)FUM(m) + \sum_r R(r)MARFLL \cdot A_r \geq \min \quad m = \text{refinery fuel related to STG}$$

$R(r)FUM(m)$  Manufacturing activity level in mode (m) operation in the Fuel Use Module (FUM) at the refinery in region (r).

max, min Limit on the use of a particular type of fuel. For each year, the value of max or min is constrained by historical usage levels and growth rates.

### **A(r)BTLGRD**

Total cogenerated electricity produced by the biomass to liquids (BTL) process and sent to the grid, by refinery region.

$$H(r)BTLKWH = A \cdot H(d)BTLRED + A \cdot H(d)BTLREJ \quad \text{for all } r$$

### **A(d)(ren)CCT (for ren = BLD, BLN, CBD, CBN)**

Equality rows to account for total product from renewable fuels that are allowed to receive a carbon credit, by refinery region.

$$\mathbf{A(r)BLDCCT}: J(r)BLDCCT = \sum_{\text{mod}} A \cdot H(r)BTL(\text{mod}) \quad \text{for all } r$$

$$\mathbf{A(r)BLNCCT}: J(r)BLNCCT = \sum_{\text{mod}} A \cdot H(r)BTL(\text{mod}) \quad \text{for all } r$$

$$\mathbf{A(r)CBDCCT}: J(r)CBDCCT = \sum_{\text{mod}} A \cdot H(r)CBL(\text{mod}) \quad \text{for all } r$$

$$\mathbf{A(r)CBNCCT}: J(r)CBNCCT = \sum_{\text{mod}} A \cdot H(r)CBL(\text{mod}) \quad \text{for all } r$$

A Yield ratio for liquid produced from biomass (different in each equation above).

$H(r)BTL(\text{mod})$  Total BTL production level, by operating mode, in region (r).

$J(r)BLDCCT$	Total distillate-type liquids produced from BTL allowed to receive carbon credit, in region (r).
$J(r)BLNCCT$	Total naphtha-type liquids produced from BTL allowed to receive carbon credit, in region (r).
$H(r)CBL(mod)$	Total CBTL production level, by operating mode, in region (r).
$J(r)CBDCCT$	Total distillate-type liquids produced from CBTL allowed to receive carbon credit, in region (r).
$J(r)CBNCCT$	Total naphtha-type liquids produced from CBTL allowed to receive carbon credit, in region (r).

### **A(d)(ren)CCT (for ren = BDV, BDN, CET, CLE, AET)**

Equality rows to account for total renewable fuels produced that are allowed to receive a carbon credit, by Census Division.

$$\mathbf{A(d)CETCCT: } H(d)CETCCT = A \cdot \sum_{mg} X(d)ETH(mg)$$

for all  $d, mg = TRG, TRH, RFG, RFH, E85$

$$\mathbf{A(d)CLECCT: } H(d)CLECCT = A \cdot \sum_{mg} X(d)ETC(mg)$$

for all  $d, mg = TRG, TRH, RFG, RFH, E85$

$$\mathbf{A(d)AETCCT: } H(d)AETCCT = A \cdot \sum_{mg} X(d)ETA(mg)$$

for all  $d, mg = TRG, TRH, RFG, RFH, E85$

$$\mathbf{A(d)BDVCCT: } H(d)BDVCCT = \sum_{mod} H(d)BDV(mod) \quad \text{for all } d, mod = SBO$$

$$\mathbf{A(d)BDNCCT: } H(d)BDNCCT = \sum_{mod} H(d)BDN(mod) \quad \text{for all } d, mod = YGR$$

$H(d)CETCCT$  Total corn ethanol blended with mg allowed to receive carbon credit in region (d).

$X(d)ETH(mg)$  Total corn ethanol-blended motor gasoline (mg) in region (d). Used (with A) to determine quantity of corn ethanol production in region (d) blended into mg.

A Fraction of ethanol in blended motor gasoline (mg), different for each mg type.

$H(d)CLECCT$  Total cellulosic ethanol blended with mg allowed to receive carbon credit in region (d).

$X(d)ETC(mg)$  Total cellulosic ethanol-blended motor gasoline (mg) in region (d). Used (with A) to determine quantity of cellulosic ethanol production in region (d) blended into mg.

$H(d)AETCCT$  Total advanced ethanol blended with mg allowed to receive carbon credit in region (d).

$X(d)ETA(mg)$  Total advanced ethanol-blended motor gasoline (mg) in region (d). Used (with A) to determine quantity of advanced ethanol production in region (d) blended into mg.

$H(d)BDVCCT$  Total virgin biodiesel allowed to receive carbon credit in region (d).

$H(d)BDV(mod)$  Production of virgin biodiesel via operating mode (mod) in region (d).

$H(d)BDNCCT$  Total non-virgin biodiesel allowed to receive carbon credit in region (d).

$H(d)BDN(mod)$  Production of non-virgin biodiesel via operating mode (mod) in region (d).

### **A(d)(ren)DMD (for ren = BIM, BIN)**

Equality row to account for total biodiesel produced and blended with petroleum diesel, by Census Division.

$$\mathbf{A(d)BIMDMD:} \quad H(d)BIMDMD = A \cdot \sum_d [X(d)BIMDSL + X(d)BIMDSU]$$

$$\mathbf{A(d)BINDMD:} \quad H(d)BINDMD = A \cdot \sum_d [X(d)BINDSL + X(d)BINDSU]$$

$H(d)BIMDMD$  Total biodiesel blended with petroleum diesel, in region (d).

$X(d)ETH(mg)$  Total biodiesel-blended diesel fuel, in region (d). Used (with A) to determine quantity of biodiesel blended into diesel fuel.

A Fraction of biodiesel in blended diesel fuel.

### **A(r)CBLGRD**

Equality row to account for total cogenerated electricity produced by the coal/biomass-to-liquids (CBTL) process and sent to the grid, by refinery region.

$$H(r)CBLKWH = A \cdot [H(r)CBLE20] \text{ for all } r$$

$H(r)CBLE20$  Production of liquids from CBTL capacity in region (r).

$H(r)CBLKWH$  Used in the objective function to determine the credit for electricity (from CBTL production) sold to the grid.

A Ratio of electricity production for grid per volume of liquids produced.

### **A(d)CET(ful) (ful=COA, KWH, NGS)**

Accounting row for coal, electricity, and natural gas use to produce corn ethanol (unconstrained).

$$\mathbf{A(d)CETCOA:} \quad A \cdot H(d)CETWME \quad \text{FREE for all } d$$

$$\mathbf{A(d)CETKWH:} \quad \sum_{mod} H(d)CET(mod) \cdot A \quad \text{FREE for all } d, mod = DM1, DM2, DME, WME$$

$$\mathbf{A(d)CETNGS:} \quad \sum_{mod} H(d)CET(mod) \cdot A \quad \text{FREE for all } d, mod = DM1, DM2, DME, WME$$

$H(d)CET(mod)$  Corn ethanol production in region (d) via mode (mod).

### **A(d)CLEGRD**

Equality row to account for total cogenerated electricity produced by the biomass to ethanol process and sent to the grid, by Census Division.

$$H(d)CLEKWH = A \cdot [H(d)CLELIG + H(d)CLZLIG] \quad \text{for all } d$$

- $H(d)CLELIG$  Production of cellulosic ethanol from unplanned capacity in region (d).  
 $H(d)CLEKWH$  Used in the objective function to determine the credit for electricity (from ethanol production) sold to the grid.  
 $A$  Ratio of electricity production for grid per volume of ethanol produced.

### **A(\*)CRDIMP**

For each applicable combination of imported crude oil and region, the total imports received directly to the U.S. must be greater than a specified minimum.

$$\mathbf{A@CRDIMP:} \quad \sum_r \sum_c \sum_q P(r)F(c)Q(q) \geq \min \quad \text{for } F(c) = \text{FLL, FMH, FHL, FHH, FHV}$$

The volume of crude oil imported from Canada into regions C and M must be less than a specified maximum.

$$\mathbf{A(r)CRDIMP:} \quad \sum_c \sum_q P(r)F(c)Q(q) \leq \max_r \quad \text{for } r = \text{C, M; for } F(c) = \text{FLL, FMH, FHL, FHH, FHV}$$

$P(r)F(c)Q(q)$  Volume of imported oil at cost (q) received directly to region (r = C, M).

$F(c) = \text{FLL, FHL, FHH, FHV}$

$\max_r$  Maximum import level for region (r = C, M), based on historical levels and growth rates.

$\min$  Minimum total import level (zero for *AEO2012*).

### **A(r)CTXGRD**

Equality row to account for total cogenerated electricity produced by the coal to liquids (CTL) process and sent to the grid, by refinery region.

$$H(r)CTXKWH = A \cdot \sum_r [H(r)CTXBIT + H(r)CTZBIT] \quad \text{for all } r$$

$H(r)CTXKWH$  Used in the objective function to determine the credit for electricity (from CTL production) sold to the grid.

$H(r)CTXBIT$  Operating level of the unplanned coal to liquids unit in region (r).

$H(r)CTZBIT$  Operating level of the planned coal to liquids unit in region (r).

$A$  Ratio of electricity production for grid per volume of liquids produced from coal.

### **A(r)(ist)CCT**

Equality rows to account for total renewable diesel (GRD) and total renewable naphtha (GRN) produced by the renewable diesel hydrotreater (GDT) process, by refinery region, to which a carbon tax credit can be applied.

$$J(r)(ist)CCT = \sum_r \sum_{\text{mod}=\text{GDG, GDV}} A_{ist}^{\text{mod}} \cdot R(r)GDT(\text{mod}) \quad \text{for all } r, \text{ist} = \text{GRD, GRN}$$

$J(r)(ist)CCT$	Total renewable fuel stream (ist=GRD, GRN) generated from seed oil and yellow grease by a renewable diesel hydrotreater, in region (r). Carbon credit is applied to this vector.
$R(r)GDT(mod)$	Operating level the renewable diesel hydrotreater for operating modes that convert seed oils and yellow grease to renewable diesel and naphtha, in region (r).
$A_{ist}^{mod}$	Ratio of ist (GRD, GRN) produced per volume of renewable feedstock processed, unique for each operating mode (mod).

### **A(\*)INVST**

For each region (r) and nearby regions ( $d_r$ ), the capital investment for expansion of processing unit (u) in (r) and processing unit (u' for biodiesel and ethanol) in ( $d_r$ ) is constrained by a maximum value.

$$\mathbf{A}(r)\mathbf{INVST}: \sum_u E(r)(u)INV \cdot A_{ru} + \sum_{d_r} \sum_{u'} E(d_r)(u')INV \cdot A_{d_r u'} \leq \max_r$$

$u' = \text{BDN, BDV, BDW, CET, CLE, CLZ}$ , for all  $r$

The total capital investment in U.S. refineries and renewables plants is constrained by a maximum value.

$$\mathbf{A}@\mathbf{INVST}: \sum_r \sum_u E(r)(u)INV \cdot A_{ru} + \sum_d \sum_{u'} E(d)(u')INV \cdot A_{du'} \leq \max$$

$u' = \text{BDN, BDV, BDW, CET, CLE, CLZ}$

$A_{du'}$	Capital investment required per unit of capacity (\$million per Mbb/d). ( $u' = \text{BDN, BDV, BDW, CET, CLE, CLZ}$ )
$A_{ru}$	Capital investment required per unit of capacity (\$million per Mbb/d).
$d_r$	Regions (d) near region (r): $d_C=3, 4$ ; $d_E=1,2,5$ ; $d_G=6, 7$ ; $d_M=8$ ; $d_W=9$
$E(r)(u)INV$	Capacity addition for this operating year for processing unit type (u) in region (r).
$E(d)(u')INV$	New capacity for renewables processing unit ( $u' = \text{BDN, BDV, BDW, CET, CLE, CLZ}$ ) in region (d).
max	Maximum capital investment (\$million) allowed over all refinery and regions. Set in subroutine CHGCESW.
max <sub>r</sub>	Maximum capital investment (\$million) allowed in region (r). Set in rinvest.txt.

### **A(r)MGTOT(s)**

For each region (r) and each price step (s) on the import supply curves for conventional motor gasoline (both standard and blend component imports), account for the total and limit the total to an upper bound.

$$I(r)TRGT(s) = \sum_w I(r)SSE(w)(s) + \sum_w I(r)TRG(w)(s) \quad \text{for all } r; s=1,2,3$$

$I(r)TRGT(s)$  Total conventional motor gasoline imports, for each region (r) and each price step (s).  
An upper bound is set for each (r), (s) combination.

- $I(r)TRG(w)(s)$  Conventional motor gasoline imports from world region (w), to each region (r), for each price step (s).
- $I(r)SSE(w)(s)$  Conventional motor gasoline blend component import from world region (w), to each region (r), for each price step (s).

### **A@MTBPRD**

The total MTBE and ETBE produced for gasoline blending must be less than a maximum.

$$\sum_r [H(r)ETXETB + H(r)ETXMTB] + \sum_r R(r)ETHMTB \leq \max$$

- $H(r)ETXMTB$  MTBE produced from methanol at a merchant plant, for each region (r).
- $H(r)ETXETB$  ETBE produced from ethanol at a merchant plant, for each region (r).
- $H(r)ETHMTB$  MTBE produced from methanol at the refinery, for each region (r).
- max Upper limit on total MTBE and ETBE produced for gasoline blending in the U.S. (set to zero for AEO2012)

### **A@(fu)FU**

The use of liquefied petroleum gas (LPG), “other” (OTH), resid (RES), and still gas (STG) as fuel in region (r) is bounded by either a maximum or minimum.

$$\mathbf{A@LPGFU:} \quad \sum_r \sum_{mod} R(r)FUM(mod) \leq \max \quad \text{for } mod \text{ related to LPG}$$

$$\mathbf{A@OTHFU:} \quad \sum_r \sum_{mod} R(r)FUM(mod) \geq \min \quad \text{for } mod \text{ related to OTH}$$

$$\mathbf{A@RESFU:} \quad \sum_r \sum_{mod} R(r)FUM(mod) \leq \max \quad \text{for } mod \text{ related to RES}$$

$$\mathbf{A@STGFU:} \quad \sum_r \sum_{mod} R(r)FUM(mod) + \sum_r R(r)MARFLL \cdot A \geq \min \quad \text{for } mod \text{ related to STG}$$

- $A$  Ratio of still gas to crude processed at the marginal refinery in region (r).
- $R(r)FUM(mod)$  Amount of fuel used in the fuel use module (FUM) in region (r) in operating mode (mod).
- $R(r)MARFLL$  Amount of fuel used in the marginal refinery in region (r).

### **A(r)NATDEN**

Accounting row for total natural gasoline (NAT) transported from refinery regions (r) to various ethanol production regions.

$$\sum_{d_r} H(r)NATE(d_r) \quad \text{FREE} \quad \text{for all } r$$

$H(r)NATE(d_r)$  Natural gasoline produced in region (r) used for denaturant in ethanol production.  
 $d_r$  regions (d) associated with (r) for NAT:  $d_C=2,3,4,5,6,7,8$ ;  $d_E=1,2,5$ ;  $d_G=1,2,3,4,5,6,7,8$ ;  
 $d_M=4,8,9$ ;  $d_W=9$

### A(r)PRDIMP

The total product imports received directly by refining region ( $r = C, M$ ) must be less than a maximum.

$$\sum_{pri} \sum_w \sum_q I(r)(pri)(w)(q) \leq \max_r, \quad r = C, M$$

$I(r)(p)(w)(q)$  Volume of imported product (pri) imported from world region (w) to refinery region (r) at cost (q).  
 $\max_r$  Maximum import level for region ( $r = C, M$  only), based on historical levels and growth rates

### A@PRDIMP

The total product import volume is constrained by a maximum value.

$$\sum_r \sum_{pri} \sum_w \sum_q I(r)(pri)(w)(q) \leq \max$$

$I(r)(pri)(w)(q)$  Volume of product (pri) imported from world region (w) to refinery region (r) at cost ( $q=1,2,3$ ).  
 $\max$  Maximum total level of all product imports (unconstrained for *AEO2012*).

### A@UNFIMP

The total U.S. unfinished oil import volume is set equal to the sum of the individual unfinished oils imported into each refinery region.

$$T @ UNFTOT = \sum_r \sum_{unf} I(r)(unf)TOT$$

$T@UNFTOT$  Total volume of unfinished oil imports to the U.S.  
 $I(r)(unf)TOT$  Volume of unfinished oil import by type, to refinery region (r).  
 $B(r)(ist), H(r)(ist), G(r)(ist)$

Balance each intermediate stream (ist) (at the refinery, merchant plant, gas plant) in each refinery region (r).

$$\sum_{unt} \sum_{mod} A \cdot R(r)(unt)(mod) + \sum_{ist'} T(r)(ist')(ist) + G(r)(ist)RFN + H(r)MPRF(ist) =$$

$$\sum_{unt} \sum_{mod} A' \cdot R(r)(unt)(mod) + \sum_{ist'} T(r)(ist)(ist') + H(r)RFMP(ist) + \sum_{prd} B(r)(prd)(ist)$$

$R(r)(unt)(mod)$	Manufacturing processing level in operating mode (mod) for process unit (unt) in refinery region (r).
$T(r)(ist')(ist)$	Volume of stream (ist') transferred into intermediate stream (ist) in refinery region (r).
$H(r)RFMP(ist)$	Volume of intermediate stream (ist) transferred from refinery to merchant plant in refinery region (r).
$G(r)(ist)RFN$	Volume of intermediate stream (ist) produced at and transferred from the gas plant to the refinery in refinery region (r).
$B(r)(prd)(ist)$	Volume of intermediate stream (ist) blended into product in refinery region (r).
$A, A'$	Volume fraction of intermediate stream (ist) created (or consumed) per manufacturing level and operating mode, in refinery region (r).

### **B(r)(ist)**

Equality row to balance intermediate stream (ist) flows at the refinery in refining region (r).

$$\sum_r \sum_{unt} \sum_{mod} A * R(r)(unt)(mod) = \sum_r \sum_{unt'} \sum_{mod'} A * R(r)(unt')(mod') \quad \text{for all } (r)$$

$R(r)(unt)(mod)$  Manufacturing processing at unit (unt), mode (mod) for the processing in a U.S. refinery, in refining region (r).

$R(r)(unt')(mod')$  Manufacturing processing at unit (unt), mode (mod) for the processing in a U.S. refinery, in refining region (r).

### **B(w)ARB**

Equality row to balance the production of unfinished residual oil (ARB) with its destination (either for U.S. import or transfer to distillate), in world refinery region (w).

$$A \cdot R(w)MARIMC = R(w)ARBRES + R(w)IUPR2D1 \quad \text{for all } w$$

$R(w)MARIMC$  Manufacturing processing level for the downstream processing in a non-U.S. refinery, in world region (w).

$R(w)ARBRES$  The quantity of unfinished oil (ARB) transferred to the foreign residual pool for U.S. import, from world region (w).

$R(w)IUPR2D1$  The quantity of unfinished oil (ARB) transferred to the foreign distillate pool for U.S. import, from world region (w).

$A$  Volume ratio of unfinished oil (ARB) created per manufacturing level of the world refinery, in world region (w).

### **B(w)ARC**

Equality row to balance the production of unfinished residual oil (ARC) with its destination (U.S. import), in world refinery region (w).



$$A \cdot R(w)MARFLL = R(w)ARCRES \quad \text{for all } w$$

- $R(w)MARFLL$  Manufacturing processing level for the non-U.S. refinery unit, in world region (w).  
 $R(w)ARCRES$  The quantity of unfinished oil (ARC) transferred to the foreign residual pool for U.S. import, from world region (w).  
 $A$  Volume ratio of unfinished oil (ARC) created per manufacturing level of the world refinery, in world region (w).

### **C(o)(xxx)TOT** (o=A; xxx = ALL, AMH, NSO)

Production of Alaska (o=A) crude oil (ALL, AMH, NSO) must equal exports through Valdez. See also: c(o)(crt) for o=A.

$$\begin{aligned} \mathbf{CAALLTOT}: \quad TAALLTOT &= A \cdot PADCRQ1 \\ \mathbf{CAAMHTOT}: \quad TAAMHTOT &= (1 - A) \cdot PADCRQ1 \\ \mathbf{CANSOTOT}: \quad TAAMHXZ + YAAMH5W &= TANSOTOT + 0.01 \cdot TAGTLTOT \end{aligned}$$

- $A$  Fraction of crude produced in Alaska that is type ALL.  
 $(1 - A)$  Fraction of crude produced in Alaska that is type AMH.  
 $PADCRQ1$  Total volume of crude produced in Alaska.  
 $TAAMHXZ$  Volume of type AMH crude exported from Alaska to Valdez.  
 $TAALLTOT$  Total volume of type ALL crude produced in Alaska.  
 $TAGTLTOT$  Total GTL transported from Alaska North Slope to Valdez on Trans-Alaska pipeline.  
 $TANSOTOT$  Total crude of type NSO transported from Alaska North Slope to Valdez on Trans-Alaska pipeline.  
 $YAAMH5W$  Volume of medium sulfur heavy crude oil transferred from Alaska (o=A) to refinery region W (r=W) via transport mode 5.

### **C(o)(crt)**

Balance the domestic production of each crude type (crt) at each producing region (o) against shipments to domestic refineries and exports. For non-Alaska U.S. crude oil production regions (o = 1 - 6), and Alaska crude production region (o=A).

$$\sum_r \sum_m Y(o)(crt)(m)(r) = A_{o,crt} \cdot P(o)DCRQ1 \quad \text{for all } o \neq A, crt = DHH, DHL, DHV, DLL, DMH$$

- $Y(r')(crt)(m)(r)$  Volume of crude type (crt) received into region (r) from region (r') via mode (m).  
 $Y(r)(crt)(m)(r')$  Volume of crude type (crt) sent from region (r) to region (r') via mode (m).  
 $P(o)DCRQ1$  Volume of domestic crude produced in region (o).  
 $A_{o,crt}$  Fraction of domestic crude in region (o) classified as crude type (crt).

For Alaska crude oil production (**o = A**)

**CAALL:**  $TAALTOT = YAALL5W$  (i.e.,  $o = A, crt = ALL$ )

**CAAMH:**  $TAAMHTOT + 0.01 \cdot TAGLTOT = TAAMHXZ + YAAMH5W$  (i.e.,  $o = A, crt =$

AMH)

**CZAMH:**  $TAAMHTOT = ZZAMHTOT$  (i.e.,  $o = A, crt = AMH$ )

**TAALLTOT** Volume of low sulfur light crude oil produced in Alaska ( $o=A$ ).

**YAALL5W** Volume of low sulfur light crude oil transferred from Alaska ( $o=A$ ) to refinery region W ( $r=W$ ) via transport mode 5.

**TAAMHTOT** Volume of medium sulfur heavy crude oil produced in Alaska ( $o=A$ ).

**ZZAMHTOT** Volume of medium sulfur heavy crude oil produced in Alaska ( $o=A$ ).

**YAAMH5W** Volume of medium sulfur heavy crude oil transferred from Alaska ( $o=A$ ) to refinery region W ( $r=W$ ) via transport mode 5.

**TAAMHXZ** Volume of medium sulfur heavy crude oil transferred from Alaska to Valdez.

**TAGLTOT** Volume of liquids produced from natural gas in Alaska; with the assumption that 1 percent of the volume is lost to the crude during transport.

### **C(r)(crt)**

For each applicable combination of crude oil (crt) and region (r), the volume received directly from producing regions plus transshipments received from other regions must equal the volume consumed at the refinery plus transshipments sent to other regions plus crude processed at the marginal refinery. (Note: the marginal refinery processes only DLL and FLL crudes.)

$$\sum_{Qs} P(r)(crt)(Qs) = R(r)ACU(crt) \quad \text{for all } r; \quad crt = FHH, FHL, FHV,$$

FMH

$$\sum_{Qs} P(r)(crt)(Qs) = R(r)ACU(crt) + T(r)(crt)TLL \quad \text{for all } r, \quad crt = FLL$$

$$crt = DHH, DHV, DMH$$

$$\sum_o Y(o)(crt)(m)(r) + \sum_{r'} Y(r')(crt)(m)(r) = R(r)ACU(crt) + \sum_{r'} Y(r)(crt)(m)(r')$$

$$crt = DLL$$

$$\sum_o Y(o)(crt)(m)(r) + \sum_{r'} Y(r')(crt)(m)(r) = R(r)ACU(crt) + \sum_{r'} Y(r)(crt)(m)(r') + T(r)(crt)TLL$$

$$R(r)MARFLL = T(r)DLLTLL + T(r)FLLTLL \quad crt = TLL$$

$P(r)(crt)Q(q)$  Volume of foreign crude type (crt) purchased in region (r) at price level (q).

$R(r)ACU(crt)$  Volume of crude type (crt) that enters the ACU (atmospheric crude unit) in region (r).

$R(r)MARFLL$  Volume of low sulfur light crude (foreign and domestic) that enters the marginal refinery (MAR) in region (r).

- $T(r)(crt)TLL$  Low sulfur light crude (crt = DLL, FLL) sent to the marginal refinery for processing in region r.
- $Y(o)(crt)(m)(r)$  Volume of crude type (crt) sent from crude region (o) to refinery region (r) via mode (m).

### **C(\*)BIMIMP**

The total volume of biodiesel from virgin oil (BIM) imported into region (d =7, 9) is equal to the volume imported at all price steps.

$$\mathbf{C(d)BIMIMP: } I @ BIMM(d) = \sum_{Rs} I(d)BIM(Rs) \text{ for } d=7,9$$

The total volume of BIM imported into regions 7 and 9 is equal to the total volume imported at all price steps.

$$\mathbf{C@BIMIMP: } I @ BIMM7 + I @ BIMM9 = \sum_{Rs} I @ BIM(Rs)$$

- $I@BIMM(d)$  Total volume of biodiesel from virgin oil imported into region (d).
- $I(d)BIMMR(s)$  Total volume of biodiesel from virgin oil available for import into region (d) at all price steps (s=1,5).
- $I@BIMMR(s)$  Total volume of biodiesel from virgin oil available for import at all price steps (s=1,5).

### **C@BIOTOT**

The total production of biodiesel from virgin oil (BIM) and non-virgin oil (BIN) plus production of green naphtha (a co-product of biodiesel) plus imports of biodiesel made from virgin oil must be greater than the minimum biodiesel schedule for the Renewable Fuels Standard (RFS) defined by the Energy Independence and Security Act 2007 (EISA2007).

$$\sum_d [H(d)BIMTOT + H(d)BINTOT] + \sum_r \sum_{mgb} \sum_{nap} B(r)(mgb)(nap) + \sum_r \sum_{dis} \sum_{nap} F(r)(dis)(nap) + \sum_{d=7,9} I @ BIMM(d) \geq \min$$

- $B(r)(mgb)(nap)$  Total green naphtha (nap=GNN,GNV,GNW) blended into mgb (RFG, TRG) in region (r).
- $F(r)(dis)(nap)$  Total green naphtha (nap=GDN,GDV,GDW) blended into distillate (dis=DSL,DSU, N2H) in region (r).
- $H(d)BIMTOT$  Total biodiesel production from virgin oil in region (d).
- $H(d)BINTOT$  Total biodiesel production from non-virgin oil in region (d).
- $I@BIMM(d)$  Total imports of biodiesel made from virgin oil into region (d=7,9).
- min Minimum allowable volume of biodiesel and green naphtha co-product.

### **C(r)BTL(lqb)**

Row to account for the individual liquid streams (lqb = BDX, BKE, BNL, BNP) produced by the BTL (biomass-to-liquid) process in each region (r). Note, each liquid stream is denoted by its first and last letter (BX, BE, BL, BP).

$$H(r)MPRF(xx) + H(r)MPWH(xx) \quad \text{FREE} \quad \text{for all } r; (xx) = \text{BX, BE, BL, BP}$$

$H(r)MPRF(xx)$  Amount of liquid stream (xx) produced by the BTL process that is transferred to the refinery for further processing, in region (r).

$H(r)MPWH(xx)$  Amount of liquid stream (xx) produced by the BTL process that is sent directly to market, in region (r).

### **C(r)BTLTOT**

Row to account for the total liquid stream (lqb = BDX, BKE, BNL, BNP) produced by the BTL (biomass-to-liquid) process in each region (r). Note: each liquid stream is denoted by its first and last letter (BX, BE, BL, BP).

$$\sum_{xx} (H(r)MPRF(xx) + H(r)MPWH(xx)) \quad \text{FREE} \quad \text{for all } r; (xx) = \text{BX, BE, BL, BP}$$

$H(r)MPRF(xx)$  Amount of liquid stream (xx) produced by the BTL process that is transferred to the refinery for further processing, in region (r).

$H(r)MPWH(xx)$  Amount of liquid stream (xx) produced by the BTL process that is sent directly to market, in region (r).

### **C@CLLBIO**

The total advanced cellulosic biofuels must be greater than the minimum RFS2 requirements defined by the Energy Independence and Security Act 2007 (EISA2007). The constant coefficients are the credit ratings defined by the Act.

$CUSCREDIT$

$$+ \sum_d [H(d)CETADV + H(d)ETCTOT] + I @ ETAC8 + I @ ETCC2$$

$$+ \sum_{d=2,5,7,9} [I @ ETAM(d) + I @ ETCM(d)]$$

$$+ 1.54 \cdot \sum_r \sum_{mgb} \sum_{ist'} B(r)(mgb)(ist') \quad ist' = \text{GNN, GNV, GNW}$$

$$+ 1.7 \cdot \sum_r \sum_{dfo'} \sum_{ist'} F(r)(dfo')(ist') \quad dfo' = \text{DSL, DSU, N2H}; ist' = \text{GDN, GDV, GDW}$$

$$\begin{aligned}
& +1.5 \cdot \left[ I @ BIMM7 + I @ BIMM9 + \sum_d [H(d)BIMTOT + H(d)BINTOT] \right] \\
& +1.5 \cdot \sum_r [H(r)MPRFBE + H(r)MPRFBL + H(r)MPRFBP + H(r)MPRFBX] \\
& +1.5 \cdot \sum_r [H(r)MPWHBE + H(r)MPWHPX] \\
& \geq \min
\end{aligned}$$

<i>CUSCREDIT</i>	Credit purchased to meet the minimum RFS2 requirement (as defined in EISA2007)
<i>B(r)(mgb)(ist')</i>	Volume of intermediate stream (ist'=GNN,GNV,GNW) blended into gasoline (mgb) in refinery region (r).
<i>F(r)(dfo')(ist')</i>	Volume of intermediate stream (ist'=GNN,GNV,GNW) blended into distillate (dfo'=DSL,DSU,N2H) in refinery region (r).
<i>H(d)BIMTOT</i>	Total production of biodiesel from virgin oil in (d).
<i>H(d)BINTOT</i>	Total production of biodiesel from non-virgin oil in (d).
<i>H(r)MPRF(xx)</i>	Amount of liquid stream (xx) produced by the BTL process that is transferred to the refinery for further processing, in region (r).
<i>H(r)MPWH(xx)</i>	Amount of liquid stream (xx) produced by the BTL process that is sent directly to market, in region (r).
<i>H(d)ETCTOT</i>	Total cellulosic ethanol production in (d).
<i>H(d)CETADV</i>	Total advanced cellulosic ethanol production in (d).
<i>I@BIMM(d)</i>	Total imports of biodiesel made from virgin oil into (d=7,9).
<i>I@ETCM(d)</i>	Total imports of cellulosic ethanol from Brazil into region (d=2,5,7,9).
<i>I@ETAM(d)</i>	Total imports of advanced ethanol from Brazil into region (d=2,5,7,9).
<i>I@ETCC(d)</i>	Total imports of cellulosic ethanol from Canada into region (d=2).
<i>I@ETAC(d)</i>	Total imports of advanced ethanol from Canada into region (d=8).
min	RFS2 schedule for advanced biofuels as defined in EISA2007.

## C@CLLTOT

The total cellulosic biofuels production must be greater than the minimum RFS2 requirements defined by the Energy Independence and Security Act 2007 (EISA2007). The constant coefficients are the credit ratings defined by the Act.

$$\begin{aligned} & CUSCREDB \\ & + \sum_d H(d)ETCTOT \\ & + [I @ ETCC2 + I @ ETCM 2 + I @ ETCM 5 + I @ ETCM 7 + I @ ETCM 9] \\ & + 1.5 \cdot \sum_r [H(r)MPRFBE + H(r)MPRFBL + H(r)MPRFBP + H(r)MPRFBX] \\ & + 1.5 \cdot \sum_r [H(r)MPWHBE + H(r)MPWHBX] \\ & \geq \text{min} \end{aligned}$$

<i>CUSCREDB</i>	Credit purchased to meet the minimum RFS2 requirement.
<i>H(r)MPRF(xx)</i>	Amount of liquid stream (xx) produced by the BTL process that is transferred to the refinery for further processing, in region (r).
<i>H(r)MPWH(xx)</i>	Amount of liquid stream (xx) produced by the BTL process that is sent directly to market, in region (r).
<i>H(d)ETCTOT</i>	Total cellulosic ethanol production in (d).
<i>I@ETCM(d)</i>	Total imports of cellulosic ethanol from Brazil into region (d=2,5,7,9).
<i>I@ETCC(d)</i>	Total imports of cellulosic ethanol from Canada into region (d=2).
min	RFS2 schedule for advanced biofuels as defined in EISA2007.

## C(r)CTL(lqc)

Row to account for the individual liquid streams (lqc = CDX, CKE, CNL, CNP) produced by the CTL (coal-to-liquid) process in each region (r). Note, each liquid stream is denoted by its first and last letter (CX, CE, CL, CP).

$$H(r)MPRF(xx) + H(r)MPWH(xx) \quad \text{FREE} \quad \text{for all } r; (xx) = \text{CX,CE,CL,CP}$$

<i>H(r)MPRF(xx)</i>	Amount of liquid stream (xx) produced by the CTL process that is transferred to the refinery for further processing, in region (r).
<i>H(r)MPWH(xx)</i>	Amount of liquid stream (xx) produced by the CTL process that is sent directly to market, in region (r).

### **C(r)CTLTOT7**

Row to account for the total liquid stream (lqc = CDX, CKE, CNL, CNP) produced by the CTL (coal-to-liquid) process in each region (r). Note: each liquid stream is denoted by its first and last letter (CX, CE, CL, CP).

$$\sum_{xx} (H(r)MPRF(xx) + H(r)MPWH(xx)) \quad \text{FREE for all } r; (xx) = \text{CX,CE,CL,CP}$$

$H(r)MPRF(xx)$  Amount of liquid stream (xx) produced by the CTL process that is transferred to the refinery for further processing, in region (r).

$H(r)MPWH(xx)$  Amount of liquid stream (xx) produced by the CTL process that is sent directly to market, in region (r).

### **C8ETACNI**

The total volume of advanced ethanol imported from Canada into region (d =8) is equal to the total volume imported at all price steps.

$$I @ ETAC8 = \sum_{Ns=N1}^{N5} I8ETA(Ns)$$

### **C@ETABRZ**

The total volume of advanced ethanol imported from Brazil either directly to the U.S. or via the Caribbean Basin is equal to the total volume of imports at all price steps.

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### **C@ETACBI**

The total volume of advanced ethanol imported from the Caribbean Basin is equal to the quantity from Brazil plus the quantity produced in the Caribbean.

**Error! Objects cannot be created from editing field codes.**

### **C(\*)ETAIMP**

The total volume of advanced ethanol imported into region (d =2,5,7,9) is equal to the volume imported at all price steps.

$$\mathbf{C(d)ETAIMP:} \quad I @ ETAM(d) = \sum_{Rs} I(d)ETA(Rs) \quad \text{for } d=2,5,7,9$$

$I @ ETAM(d)$  Total imports of advanced ethanol from Brazil into region (d=2,5,7,9).

$I(d)ETA(Rs)$  Total volume of advanced ethanol available for import into region (d=2,5,7,9) at all price steps (s=1,5).

The total volume of advanced ethanol imported into all regions (d =2,5,7,9) is equal to the total volume imported at all price steps.

$$\mathbf{C@ETAIMP:} \quad I @ ETAUSB + I @ ETACBI = \sum_{d=2,5,7,9} I @ ETAM(d)$$

$I @ ETAM(d)$  Total imports of advanced ethanol from Brazil into region (d=2,5,7,9).

*I@ETAUSB* Total imports of advanced ethanol directly from Brazil to the U.S.  
*I@ETACBI* Total imports of advanced ethanol directly from Brazil to the U.S. through the Caribbean Basin.

### **C(\*)ETCIMP**

The total volume of cellulosic ethanol imported into region (d =2,5,7,9) is equal to the volume imported at all price steps.

$$\mathbf{C(d)ETCIMP: } I @ ETCM(d) = \sum_{Rs} I(d)ETC(Rs) \quad \text{for } d=2,5,7,9$$

*I@ETCM(d)* Total imports of cellulosic ethanol from Brazil into region (d=2,5,7,9)

*I(d)ETC(Rs)* Total volume of cellulosic ethanol available for import into region (d=2,5,7,9) at all price steps (s=1,5).

The total volume of cellulosic ethanol imported into all regions (d =2,5,7,9) is equal to the total volume imported at all price steps.

$$\mathbf{C@ETCIMP: } I @ ETCUSB + I @ ETCCBI = \sum_{d=2,5,7,9} I @ ETCM(d)$$

*I@ETCM(d)* Total imports of cellulosic ethanol from Brazil into region (d=2,5,7,9).

*I@ETCUSB* Total imports of cellulosic ethanol directly from Brazil to the U.S.

*I@ETCCBI* Total imports of cellulosic ethanol directly from Brazil to the U.S. through the Caribbean Basin.

### **C2ETCCNI**

The total volume of cellulosic ethanol imported from Canada into region (d =2) is equal to the total volume imported at all price steps.

$$I @ ETCC2 = \sum_{Ns=N1}^{N5} I2ETC(Ns)$$

### **C@ETCBRZ**

The total volume of cellulosic ethanol imported from Brazil either directly to the U.S. or via the Caribbean Basin is equal to the total volume of imports at all price steps.

$$I @ ETCCBB + I @ ETCUSB = \sum_{Rs} I @ ETC(Rs)$$

### **C@ETCCBI**

The total volume of cellulosic ethanol imported from the Caribbean Basin is equal to the quantity from Brazil plus the quantity produced in the Caribbean.

$$I @ ETCCBB + I @ ETCCBD = I @ ETCCBI$$

### **C@ETHBIO**

The total volume of renewables (ETC, ETH, BIM, BIN) used in U.S. gasoline and diesel products, plus credit trading, must meet the minimum RFS2 requirements.



*CUSCREDIT*

$$\begin{aligned}
 & - \sum_{s=1}^5 D3ETHSX(s) - \sum_{s=1}^5 D4ETHSX(s) \\
 & + \sum_d [H(d)CETADV + H(d)ETCTOT + H(d)ETHTOT] \\
 & + I @ ETAC8 + \sum_{d=2,5,7,9} [I @ ETAM(d) + I @ ETCM(d)] \\
 & + 1.54 \cdot \sum_r [B(r)RFGGNN + B(r)RFGGNV + B(r)RFGGNW] \\
 & + 1.54 \cdot \sum_r [B(r)TRGGNN + B(r)TRGGNV + B(r)TRGGNW] \\
 & + 1.7 \cdot \sum_r [F(r)DSLGDN + F(r)DSLGDV + F(r)DSLGDW] \\
 & + 1.7 \cdot \sum_r [F(r)DSUGDN + F(r)DSUGDV + F(r)DSUGDW] \\
 & + 1.7 \cdot \sum_r [F(r)N2HGDN + F(r)N2HGDV + F(r)N2HGDW] \\
 & + 1.5 \cdot \sum_d [H(d)BIMTOT + H(d)BINTOT] \\
 & + 1.5 \cdot \sum_r [H(r)MPRFBE + H(r)MPRFBL + H(r)MPRFBP + H(r)MPRFBX] \\
 & + 1.5 \cdot \sum_r [H(r)MPWHBE + H(r)MPWHPX] \\
 & + 1.5 \cdot [I @ BIMM7 + I @ BIMM9] \geq \min
 \end{aligned}$$

*CUSCREDIT* Credit purchased to meet the minimum RFS2 requirement.

*B(r)(mgb)(ist')* Volume of intermediate stream (ist'=GNN,GNV,GNW) blended into gasoline (mgb) in refinery region (r).

*F(r)(dfo')(ist')* Volume of intermediate stream (ist'=GNN,GNV,GNW) blended into distillate (dfo'=DSL,DSU,N2H) in refinery region (r).

*D(d)ETHSX(s)* Volume of corn ethanol exported from demand region (d).

*H(d)BIMTOT* Total production of biodiesel from virgin oil in (d).

*H(d)BINTOT* Total production of biodiesel from non-virgin oil in (d).

*H(r)MPRF(xx)* Amount of liquid stream (xx) produced by the BTL process that is transferred to the refinery for further processing, in region (r).

*H(r)MPWH(xx)* Amount of liquid stream (xx) produced by the BTL process that is sent directly to market, in region (r).

*H(d)ETCTOT* Total cellulosic ethanol production in (d).

*H(d)ETHTOT* Total corn ethanol production in (d).

$H(d)CETADV$	Total advanced cellulosic ethanol production in (d).
$I@BIMM(d)$	Total imports of biodiesel made from virgin oil into (d=7,9).
$I@ETCM(d)$	Total imports of cellulosic ethanol from Brazil into region (d=2,5,7,9).
$I@ETAM(d)$	Total imports of advanced ethanol from Brazil into region (d=2,5,7,9).
$I@ETCC(d)$	Total imports of cellulosic ethanol from Canada into region (d=2).
$I@ETAC(d)$	Total imports of advanced ethanol from Canada into region (d=8).
min	RFS2 schedule for advanced biofuels as defined in EISA2007.

### C(r)GTL

The total volume of GTL transported from Alaska to region (r) via mode J (tanker) is equal to 0.99 fraction of the total production from process MPR at the GTL merchant plant in region (r). The production can be any of four liquid streams (lqg=SDX,SKE,SNL,SNP). In the constraint, each liquid stream is denoted by its first and last letter (xx=SX,SE,SL,SP).

$$WAGTLJ(r) = 0.99 \cdot \sum_{xx} H(r)MPRF(xx) \quad \text{for all } r, \text{ and } xx=SE,SL,SF,SX$$

$H(r)MPRF(xx)$  Production from process MPR in operating mode F(xx) (xx=SE, FSL, FSF, FSX) at the GTL merchant plant in region (r).

$WAGTLJ(r)$  Total volume of GTL transported from Alaska to region (r) via mode J (tanker).

### C(r)GTL(lqg)

Row to account for the individual liquid streams (lqg = SDX, SKE, SNL, SNP) produced by the GTL (gas-to-liquid) process in Alaska for region (r). Note, each liquid stream is denoted by its first and last letter (SX, SE, SL, SP).

$$H(r)MPR(lqg) \quad \text{FREE for all } r \text{ and } lqg$$

$H(r)MPRF(lqg)$  Volume of GTL liquid stream (lqg=SX,SE,SL,SP) produced for (r) and transferred from merchant plant to refinery.

### CAGTLTOT

Row to account for the total liquid stream produced by the GTL (gas-to-liquids) process in Alaska. Note, each liquid stream (lqg) is denoted by its first and last letter (SX,SE,SL,SP).

$$TAGTLTOT = \sum_i H(r)MPRF(xx) \quad \text{for } xx=\{SE,SL,SF,SX\}$$

$TAGTLTOT$  Total GTL transported from Alaska North Slope to Valdez via the trans-Alaska pipeline.

$H(r)MPRF(xx)$  Volume of GTL liquid stream (xx=SX,SE,SL,SP) produced for (r).

## CALCFSDS

The California Low Carbon Fuel Standard sets yearly targets for the carbon intensity (amount of carbon per unit of energy) of on-road motor fuels. Constraint CALCFSDS represents the LCFS constraint for on-road diesel fuel. Within each PMM iteration, the total amount of energy used for on-road travel is known; thus, the constraint on carbon intensity can be modeled as a constraint on the total amount of carbon emitted in excess of the California LCFS regulation.

$$\begin{aligned} & c \cdot J9DSCDSC + c \cdot X9BIMDSC + c \cdot X9BINDSC \\ & + c \cdot FWDS CGDV + c \cdot FWDS CGDN + c \cdot FWDS CGDW \\ & + c \cdot FWDS CBDX + c \cdot FWDS CBKE + c \cdot ZWCEBCPR \\ & + c \cdot FWDS C2DX + c \cdot FWDS C2KE + c \cdot ZWCEXCPR \\ & + c \cdot FWDS CCDX + c \cdot FWDS CCKE + c \cdot ZWCECCPR \\ & + c \cdot FWDS (H5 + c \cdot FWDS (H6 + c \cdot FWDS (1S + c \cdot FWDS (4S \\ & + c \cdot I9DSCZ9 - LCSAFEDS \leq 0 \end{aligned}$$

<i>c</i>	Carbon intensity relative to the LCFS regulation's maximum carbon intensity. Although not indicated in the above equation, this coefficient varies by type of fuel
<i>LCSAFEDS</i>	Carbon emitted in excess of the target

## CALCFSMG

The California Low Carbon Fuel Standard sets yearly targets for the carbon intensity (amount of carbon per unit of energy) of on-road motor fuels. Constraint CALCFSMG represents the LCFS constraint for on-road gasoline and alternative light-vehicle fuels. Within each PMM iteration, the total amount of energy used for on-road travel is known; thus, the constraint on carbon intensity can be modeled as a constraint on the total amount of carbon emitted in excess of the California LCFS regulation.

$$\begin{aligned} & c \cdot WWRFH X9 + c \cdot I9RFHZ9 + c \cdot I9E85Z9 \\ & + c \cdot X9ETHRFH + c \cdot X9ETARFH + c \cdot 9ETCRFH \\ & + c \cdot X9ETHE85 + c \cdot 9ETA E85 + c \cdot 9ETCE85 \\ & + c \cdot X9ETARFH + c \cdot X9ETA E85 \\ & + c \cdot BWRFGGNV + c \cdot BWRFGGNN + c \cdot BWRFGGNW \\ & + c \cdot BWRFGBNL + c \cdot BWRFG2NL + c \cdot BWRFGCNL \\ & + c \cdot ZWCEBCPR + c \cdot ZWCEXCPR + c \cdot ZWCECCPR \\ & + c \cdot BWRFG(R7 + c \cdot BWRFG(R8 + c \cdot BWRFG)R7 + c \cdot BWRFG)R8 + c \cdot FBWRFG(HV \\ & + c \cdot CNGDMD + c \cdot EVDMD + c \cdot LPGDMD \\ & - LCSAFEMG \leq 0 \end{aligned}$$

$c$  Carbon intensity relative to the LCFS regulation's maximum carbon intensity. Although not indicated in the above equation, this coefficient varies by type of fuel

$LCSAFEMG$  Carbon emitted in excess of the target

### **C(\*)PLMIMP**

Total palm oil (PLM) imports into region (d = 4, 9), and total palm imports into U.S..

$$\mathbf{C(d)PLMIMP:} \quad I @ PLMM(d) = \sum_s I(d)PLMR(s) \quad \text{for } d = 4, 9$$

$$\mathbf{C@PLMIMP:} \quad I @ PLMM(4) + I @ PLMM(9) = \sum_s I @ PLMR(s)$$

$I@PLMM(d)$  Total volume of palm oil (PLM) imported into region (d = 4, 9).

$I(r)PLM(Rs)$  Volume of palm oil (PLM) imported into region (d = 4, 9) at price step (Rs).

$I@PLM(Rs)$  Volume of palm oil (PLM) imported into the U.S. at price step (Rs).

### **CL(j)CTL**

The total quantity of coal (col = BIT) transferred to region (r) from its associated coal-producing regions (j) for CTL production cannot exceed the sum of the coal quantity shipped to the coal supply distribution point.

$$N(r)(col)NI \leq \sum_n \sum_k CT(n)(j)(k) \quad \text{for } col = \text{BIT, and all } j, \text{ and } r \text{ where } j \text{ is "associated"}$$

with  $r$

$N(r)(col)NI$  Total quantity of coal type (col=BIT) transferred to region (r) from its associated coal demand regions (j).

$CT(n)(j)(k)$  Quantity of coal with characteristics (k) transferred from coal supply region (n) to coal demand region (j).

### **D(d)BIM**

The quantity of virgin biodiesel produced, transferred, and imported into region (d) must equal the quantity of virgin biodiesel blended into recipes (i.e., biodiesel blend) and transferred from region (d). Currently, imports only occur for d=7,9, and transfers only originate in d'=3,4.

$$H(d)BIMTOT + \sum_{d'=3,4} W(d')BIMV(d) + I @ BIMM(d) =$$

$$\sum_p X(d)BIM(p) \cdot A_p + \sum_{d=3,4} W(d)BIMV(d')$$

$A_p$  Volume fraction of virgin biodiesel in the biodiesel blend (p=DSL,DSU).

$H(d)BIMTOT$	Total volume of virgin biodiesel produced in region (d).
$I@BIMM(d)$	Total volume of virgin biodiesel imported into region (d=7,9 only) via mode M.
$W(d')BIMV(d)$	Total volume of virgin biodiesel transshipped from region (d'=3,4) to region (d) via mode V.
$X(d)BIM(p)$	Total volume of virgin biodiesel splash blended into product (p=DSL,DSU) at region (d).

### D(d)BIN

The quantity of non-virgin biodiesel produced and transferred into region (d) must equal the quantity of non-virgin biodiesel blended into recipes (i.e., biodiesel blend) and transferred from region (d).

$$H(d)BINTOT + \sum_{d'=3,4} W(d')BINV(d) = \sum_p X(d)BIN(p) \cdot A_p$$

$A_p$	Volume fraction of non-virgin biodiesel in the biodiesel blend (p=DSL,DSU).
$H(d)BINTOT$	Total volume of non-virgin biodiesel produced in region (d).
$W(d')BINV(d)$	Total volume of non-virgin biodiesel transshipped from region (d'=3,4) to region (d) via mode V.
$X(d)BIN(p)$	Total volume of non-virgin biodiesel splash blended into product (p=DSL,DSU) in region (d).

### D@BIDEXP

The total quantity of biodiesel sent for export must equal the total quantity of biodiesel in the export demand curves.

$$\sum_d (H(d)BIMEXP + H(d)BINEXP) = \sum_s D@BIDSX(s)$$

$A_p$	Volume fraction of non-virgin biodiesel in the biodiesel blend (p=DSL,DSU).
$H(d)BIMTOT$	Total volume of virgin biodiesel exported from region (d).
$H(d)BINTOT$	Total volume of non-virgin biodiesel exported from region (d).
$D@BIDSX(s)$	Volume of biodiesel on export curve defined by price step (s).

### D(d)CETEXP

Potential corn ethanol exports from Census Divisions 3 and 4, only.

$$H(d)CETEXP = H(d)CETETH + \sum_{s=1}^5 D(d)ETHSX(s) \quad \text{for } d = 3,4$$

- H(d)CETEXP* Total volume of corn ethanol produced in region (d) that exceeds the maximum allowed for inclusion in the total RFS (RFS2 as defined in EISA2007). This includes volumes produced for export from region (d).
- H(d)CETETH* Total volume of corn ethanol (above the RFS2 maximum) produced in region (d) and NOT exported.
- D(d)ETHSX(s)* Total volume of corn ethanol produced in region (d) that is exported at the price defined by export step (s).

## D(d)ETA

The quantity of advanced ethanol produced and imported into region (d) must equal the quantity of advanced ethanol blended into recipes (i.e., TRG, TRH, RFG, RFH, and E85) in region (d). Currently, imports only occur from Brazil for d=2,5,7,9, and from Canada for d=8.

$$H(d)CETADV = \sum_{mgb} X(d)ETA(mgb) \cdot A_{mgb} \quad \text{for } d = 1,3,4,6$$

$$H(d)CETADV + I@ETAM(d) = \sum_{mgb} X(d)ETA(mgb) \cdot A_{mgb} \quad \text{for } d = 2,5,7,9$$

$$H(d)CETADV + I@ETAC(d) = \sum_{mgb} X(d)ETA(mgb) \cdot A_{mgb} \quad \text{for } d = 8$$

- $A_{mgb}$  Volume fraction of advanced ethanol in the gasoline blend (mgb=TRG,TRH,RFG,RFH).
- H(d)CETADV* Total volume of advanced ethanol produced in region (d).
- I@ETAM(d)* Total volume of advanced ethanol imported from Brazil into region (d=2,5,7,9 only) via mode M.
- I@ETAC(d)* Total volume of advanced ethanol imported from Canada into region (d=8 only) via mode C.
- X(d)ETA(mgb)* Total volume of advanced ethanol splash blended into product (mgb=TRG,TRH,RFG,RFH,E85) in region (d).

## D(d)ETC

The quantity of cellulosic ethanol produced and imported into region (d) must equal the quantity of cellulosic ethanol blended into recipes (i.e., TRG, TRH, RFG, RFH, and E85) in region (d). Currently, imports only occur from Brazil for d=2,5,7,9, and from Canada for d=2.

$$H(d)ETCTOT = \sum_{mgb} X(d)ETC(mgb) \cdot A_{mgb} \quad \text{for } d = 1,3,4,6,8$$

$$H(d)ETCTOT + I@ETCM(d) = \sum_{mgb} X(d)ETC(mgb) \cdot A_{mgb} \quad \text{for } d = 5,7,9$$

$$H(d)ETCTOT + I@ETCM(d) + I@ETCC(d) = \sum_{mgb} X(d)ETC(mgb) \cdot A_{mgb} \quad \text{for } d = 2$$

$A_{mgb}$	Volume fraction of cellulosic ethanol in the gasoline blend (mgb=TRG,TRH,RFG,RFH).
$H(d)ETCTOT$	Total volume of cellulosic ethanol produced in region (d).
$I@ETCM(d)$	Total volume of cellulosic ethanol imported from Brazil into region (d=2,5,7,9 only) via mode M.
$I@ETCC(d)$	Total volume of cellulosic ethanol imported from Canada into region (d=2 only) via mode C.
$X(d)ETC(mgb)$	Total volume of cellulosic ethanol splash blended into product (mgb=TRG,TRH,RFG,RFH,E85) in region (d).

## D(d)ETH

The quantity of corn ethanol produced and transferred into region (d) must equal the quantity of corn ethanol blended into recipes (i.e., biodiesel blend), exported, and transferred from region (d). Currently, corn ethanol is only exported from d=3,4.

$$H(d)ETHTOT + H(d)CETEXP + \sum_{d'=3,4} W(d')ETHM(d) = \sum_{mgb} X(d)ETH(mgb) \cdot A_{mgb} \quad \text{for } d \neq 3,4,$$

$$H(d)ETHTOT + H(d)CETEXP + \sum_{d'=3,4} W(d')ETHM(d) =$$

$$\sum_{d'=3,4} W(d)ETHM(d') + \sum_{mgb} X(d)ETH(mgb) \cdot A_{mgb} + \sum_s D(d)ETHSX(s) \quad \text{for } d = 3,4$$

$A_{mgb}$	Volume fraction of corn ethanol in the gasoline blend (mgb=TRG,TRH,RFG,RFH).
$H(d)ETCTOT$	Total volume of corn ethanol produced that is included in the total RFS (RFS2 as defined in EISA2007) in region (d).
$H(d)CETEXP$	Total volume of corn ethanol produced in region (d) that exceeds the maximum allowed for inclusion in the total RFS (RFS2 as defined in EISA2007). This includes volumes produced for export from region (d).
$W(d')ETHM(d)$	Total volume of corn ethanol transshipped from region (d'=3,4) to region (d) via mode M.
$D(d)ETHSX(s)$	Total volume of corn ethanol exported from region (d=3,4 only) at price levels (s).
$X(d)ETC(mgb)$	Total volume of corn ethanol splash blended into product (mgb=TRG,TRH,RFG,RFH,E85) in region (d).

## D(d)E15LIM

For each Census Division (d), the market penetration of E15 is limited each year by vintage information from the transportation model and exogenously defined data.

$$\sum_d \sum_{eth} X(d)(eth)TRH + \sum_d \sum_{eth} X(d)(eth)R15 = \sum_d \sum_{mg} A * D(d)(mg)S1 \text{ for all } d, \text{ all } eth$$

<i>eth</i>	Three ethanol categories (ETH=corn, ETC=cellulosic, ETA=advanced).
<i>X(d)(eth)TRH</i>	Total corn ethanol-blended E15 motor gasoline in region (d).
<i>X(d)ETHR15</i>	Total corn ethanol-blended E15 motor gasoline in region (d).
<i>D(d)(mg)S1</i>	Volume of motor gasoline (mg) sold in region (d).
<i>A</i>	Fraction of motor gasoline demand allowed to be E15.

### D(d)MET

The quantity of methanol transferred into region (d) must equal the quantity of methanol blended into recipes (i.e., M85) and consumed during the production of biodiesel in region (d).

$$I(d)METZ9 + W(r_d)METX(d) = 0.85 \cdot X(d)METM85 + \sum_{p'} \sum_{mod} H(d)(p')(mod) \cdot A_{p' mod}$$

For  $r_1 = E, r_2 = E, r_3 = C, r_4 = C, r_5 = G, r_6 = G, r_7 = G, r_8 = E, r_9 = W$   
and  $(p')(mod) = \{BDNYGR, BDVSBO, BDWWGR\}$

$A_{p' mod}$	Volume ratio of methanol used per unit volume of biodiesel ( $p'$ ) produced from for operating mode (mod). Note: ( $p' mod = BDNYGR, BDVSBO, BDWWGR$ ).
$H(d)METM85$	Total M85 produced from splash blended methanol and motor gasoline in region (d).
$H(d)(p')(mod)$	Volume of biodiesel ( $p'$ ) produced from operating mode (mod) -- used with $A_{p' mod}$ to define methanol consumed to produce biodiesel in region (d).
$I(d)METZ9$	Distress imports of methanol into region (d).
$W(r_d)METX(d)$	Methanol transported from nearby region ( $r_d$ ) to region (d). ( $r_1 = E, r_2 = E, r_3 = C, r_4 = C, r_5 = G, r_6 = G, r_7 = G, r_8 = E, r_9 = W$ )

### D@MET

The total methanol consumed by the U.S. chemical industry must equal the sum of the amount consumed in each region (d) plus the amount of distress methanol imported into region (d).

$$D @ METS1 = \sum_r G(r)METDEM + \sum_d I(d)METZ9$$

$D@METS1$	Total methanol demanded by the U.S. chemical industry (an input).
$G(r)METDEM$	Methanol production in region (r) that is used by the U.S. chemical industry.
$I(d)METZ9$	Distress methanol imports to region (d).



## D(d)(prd)

(for prd = E85, M85)

The volume of E85 and M85 sold in each region (d) is equal to the volume distress imported plus the volume splash blended at the demand terminals.

$$\mathbf{D(d)E85:} \quad D(d)E85TBL = I(d)E85Z9 + \sum_{h=ETH,ETC,ETA} X(d)(h)E85 \quad \text{for all } d$$

$$\mathbf{D(d)M85:} \quad D(d)M85S1 = I(d)M85Z9 + X(d)METM85 \quad \text{for all } d$$

$D(d)E85TBL$  Volume of recipe product E85 sold in region (d).

$D(d)M85S1$  Volume of recipe product M85 sold in region (d).

$I(d)(prd)Z9$  Volume of recipe product (prd=E85, M85) distress imports into region (d).

$X(d)(h)(prd)$  Volume of recipe product (prd=E85,M85) made in region (d) by splash blending component (h) into gasoline. For prd=E85, h=ETH,ETC,ETA (corn, cellulosic, advanced ethanol). For prd=M85, (h=MET= (methanol)).

(for prd = TRG, RFG, TRH, RFH)

For each (d) and product (prd = TRG,RFG,TRH,RFH), domestic transshipment receipts plus the splash blended amount manufactured plus distress imports must equal the volume blended into recipes (prd=TRG only) plus domestic and export (prd=TRG only) sales volume plus distress exports.

**D(d)(prd):** for all d, prd=RFG,TRH,RFH

$$I(d)(prd)Z9 + \sum_r \sum_m W(r)(prd)(m)(d) + \sum_h X(d)(h)(prd) =$$

$$D(d)(prd)S1 + D(d)(prd)Z9$$

**D(d)TRG:**

$$I(d)(prd)Z9 + \sum_r \sum_m W(r)(prd)(m)(d) + \sum_h X(d)(h)(prd) =$$

$$\sum_{p'} \sum_h X(d)METM85 \cdot A_p + D(d)(prd)SX + D(d)(prd)S1 + D(d)(prd)Z9$$

$A_p$  Volume fraction of product (p) used to make one unit of recipe product (METM85).

$I(d)(prd)Z9$  Distress imports of product (prd) into region (d).

$D(d)(prd)Z9$  Distress exports of product (prd) from region (d).

$D(d)(prd)SX$  Export volume of product (prd=TRG) from region (d).

$D(d)(prd)S1$  Volume of product (prd) sold in region (d).

$W(r)(prd)(m)(d)$  Domestic transshipments of product (prd) from region (r) to region (d) via mode (m)

$X(d)(h)(prd)$  Volume of recipe product (prd) made at region (d) by splash blending component (h).

$X(d)METM85$  Volume of recipe product M85 produced in region (d) -- used with  $A_p$  to define (prd=TRG) consumed to produce M85.

**(for prd = DSU,DSL,DSC)**

For each (d) and product (prd = DSU,DSL,DSC, prd<sub>s</sub>=SSU,SSL,SSC), domestic transshipment receipts from refinery production must equal the volume blended into recipes (biodiesel blends) plus domestic unblended volumes intended for sale.

$$\mathbf{D(r)(prd_s):} \quad \text{for all } d, \text{ prd}_s=\text{SSU,SSL,SSC (linked to DSU,DSL,DSC)}$$
$$\sum_r \sum_m W(r)(prd)(m)(d) = \sum_{prd} \sum_{h=\text{BIM,BINh}} X(d)(h)(prd) \cdot A_p + J(d)(prd)(prd)$$

For each (d) and product (prd = DSU,DSL), domestically produced unblended diesel plus recipe biodiesel blends plus distress imports of diesel must equal domestic and export sales volume plus distress exports.

$$\mathbf{D(r)(prd):} \quad \text{for all } d, \text{ prd}=\text{DSU,DSL,DSC, linked to SSU,SSL,SSC}$$

$$I(d)(prd)Z9 + J(d)(prd)(prd) + \sum_h X(d)(h)(prd) =$$
$$D(d)(prd)S1 + D(d)(prd)SX + D(d)(prd)Z9$$

$A_p$  Volume fraction of product (p=DSU,DSL) used to make one unit of recipe product (biodiesel blend).

$I(d)(prd)Z9$  Distress imports of product (prd) into region (d).

$D(d)(prd)Z9$  Distress exports of product (prd) from region (d).

$D(d)(prd)SX$  Export volume of product (prd) from region (d).

$D(d)(prd)S1$  Volume of product (prd) sold in region (d).

$W(r)(prd)(m)(d)$  Domestic transshipments of product (prd) from region (r) to region (d) via mode (m)

$X(d)(h)(prd)$  Volume of recipe product (prd) made at region (d) by splash blending component (h=BIM,BIN).

$J(d)(prd)(prd)$  Volume of domestically produced diesel not splash-blended with biodiesel in region (d).

**(for all other prd =AST,COK,FLG,JTA,LPG,N2H,N67,N68,N6I,N6B,OTH,PCF)**

For each (d) and product (prd), domestic transshipment receipts plus distress imports must equal domestic and export sales volume plus distress exports.

$$\mathbf{D(d)(prd):} \quad \text{for all } d, \text{ prd}=\text{all other products}$$

$$I(d)(prd)Z9 + \sum_r \sum_m W(r)(prd)(m)(d) =$$
$$D(d)(prd)SX + D(d)(prd)S1 + D(d)(prd)Z9$$

$I(d)(prd)Z9$  Distress imports of product (prd) into region (d).

$D(d)(prd)Z9$  Distress exports of product (prd) from region (d).

$D(d)(prd)SX$  Export volume of product (prd) from region (d).

$D(d)(prd)S1$  Volume of product (prd) sold in region (d).

$W(r)(prd)(m)(d)$  Domestic transshipments of product (prd) from region (r) to region (d) via mode (m)

## D(d)(Ss)

Calculate the volume of sub-spec products (SSR, SST, SSE) used in region (d). These sub-spec products are blended with ethanol (eth = ETA, ETC, ETH) at varying proportions to produce the following finished gasoline products: E85, RFG, RFH, TRG, TRH.

$$\mathbf{D(d)SSE:} \sum_{r_d} \sum_m W(r_d)SSE(m)(d) = 0.26 \cdot \sum_{eth} X(d)(eth)E85 + 0.90 \cdot \sum_{eth} X(d)(eth)TRG \quad \text{for all } d$$

$$\mathbf{D(d)SSR:} \sum_{r_d} \sum_m W(r_d)SSR(m)(d) = 0.942 \cdot \sum_{eth} X(d)(eth)RFH + 0.90 \cdot \sum_{eth} X(d)(eth)RFG \quad \text{for all } d$$

$$\mathbf{D(d)SST:} \sum_{r_d} \sum_m W(r_d)SST(m)(d) = 0.90 \cdot \sum_{eth} X(d)(eth)TRH \quad \text{for all } d$$

$W(r_d)(prd)(m)(d)$  Domestic transshipments of blend component (prd=SSE,SSR,SST) from region ( $r_d$ ) to region (d) via mode (m).

$X(d)(h)(prd)$  Volume of recipe product (prd) made at region (d) by splash blending component (h=ETH,ETC,ETA) to produce products (E85,RFG,RFH,TRG,TRH).

## D(d)PRDEQU

Balance row to ensure total E85 plus motor gasoline (mgb=RFG,RFH,TRG,TRH) demand ( $D_d$ ) is met via any quantity distribution of each in (d)

$$1.43813 \cdot \sum_{Sqq} D(d)E85(Sqq) + 1.85479 \cdot \sum_{mgb} D(d)(mgb)TBL = D_d \quad \text{for all } d$$

$D_d$  Total demand for E85 and motor gasoline (RFG,RFH,TRG,TRH) in region(d).

$D(d)(mgb)TBL$  Demand for motor gasoline (mgb=RFG,RFH,TRG,TRH) into region (d).

$D(d)E85(Sqq)$  Demand curve for E85 represented with price steps Sqq (qq=01-56) into region (d).

## D(d)(prd)CRV (prd = mgb + E85)

Balance row to set motor gasoline demand (prd=mgb + E85) volumes to an accounting variable in each (d).

$$\mathbf{D(d)E85CRV:} D(d)E85TBL = \sum_{Sqq=S01}^{S55} D(d)E85(Sqq) \quad \text{for all } d$$

$$\mathbf{D(d)(mgb)CRV:} D(d)(mgb)TBL = D(d)(mgb)S1 \quad \text{for all } d, mgb$$

$D(d)(mgb)TBL$  Demand for motor gasoline (mgb=RFG,RFH,TRG,TRH,E85) into region (d).

$D(d)E85(Sqq)$  Demand curve for E85 represented with price steps Sqq (qq=01-56) into region (d).

### **D(d)(mgb)FRC** (mgb ≠ TRG)

Balance row to maintain the original motor gasoline (mgb only) market share in each region (d) as motor gasoline and E85 trade market shares (as allowed by row D(d)PRDEQU above).

$$\mathbf{D(d)(mgb)FRC: } A \cdot D(d)(mgb)TBL = \sum_{mgb' \neq mgb} A' \cdot D(d)(mgb')TBL \quad \text{for all } d, mgb=TRH,RFH,RFgy$$

*A and A'* Define the ratio of the relative shares between *mgb* and *mgb'* in region (d).

*D(d)(mgb)TBL* Demand for motor gasoline (mgb=RFG,RFH,TRG,TRH,E85) into region (d).

### **D(w)(xxx)**

For each world region (w) and product (xxx), international transshipment receipts plus distress supply must equal local world demand (represented by a demand curve) plus world distress exports.

$$P(w)(x)TMP + \sum_{w'} W(w')(x)X(w) = \sum_{s=S01}^{S09} D(w)(x)(s) + P(w)(x)DEX \quad \text{for all } w, x \neq LPG$$

$$P(w)(x)TMP + \sum_{w'} W(w')(x)X(w) + W(w)NGL(x) = \sum_{s=S01}^{S09} D(w)(x)(s) + P(w)(x)DEX$$

for all *w, x=LPG*

*P(w)(x)TMP* World distress imports of product (x) into region (w).

*P(w)(x)DEX* World distress exports of product (x) from region (w).

*D(w)(x)(s)* Volume of product (x) sold in region (w) on price step (s=S01-S09).

*W(w')(x)X(w)* World transshipments of product (x) from region (w') to region (w) via mode (X).

### **DOMDDGMK**

The total distiller dry grain (DDG) by-product produced from corn ethanol production in the U.S. must be less than a maximum value.

$$\sum_d H(d)DDGTOT \leq \max$$

*H(d)DDGTOT* Total DDG by-product produced from corn ethanol production in (d).

*max* Maximum allowable DDG by-product.

### **E@BPUMBX**

The cumulative capacity of biomass pyrolysis (BPU) facilities that have penetrated the market

$$E @ BPUINV = \sum_r [E(r)BPUINV + L(r)BPUBLD + A \cdot K(r)BPUCAP]$$

*A* Coefficient = 1/capacity utilization to define nameplate capacity

$E@BPUINV$	Cumulative builds of U.S. BPU capacity (subject to an upper bound based on the Mansfield-Blackman penetration algorithm, see Appendix F).
$E(r)BPUINV$	Stream day capacity added during this simulated period in region (r).
$K(r)BPUCAP$	Base processing capacity at region (r). Subject to an upper bound.
$L(r)BPUBLD$	Cumulative stream day capacity added for processing unit at region (r) during the previous simulated periods. This variable is fixed.

### **E@BTLMBX**

The cumulative capacity of biomass-to-liquids (BTL) facilities that have penetrated the market.

$$E @ BTLINV = \sum_r [E(r)BTLINV + L(r)BTLBLD + A \cdot K(r)BTLCAP]$$

A	Coefficient= 1/capacity utilization to define nameplate capacity.
$E@BTLINV$	Cumulative builds of U.S. BTL capacity (subject to an upper bound based on the Mansfield-Blackman penetration algorithm, see Appendix F).
$E(r)BTLINV$	Stream day capacity added during this simulated period in region (r).
$K(r)BTLCAP$	Base processing capacity at region (r). Subject to an upper bound.
$L(r)BTLBLD$	Cumulative stream day capacity added for processing unit at region (r) during the previous simulated periods. This variable is fixed.

### **E@CTXMBX**

The cumulative capacity of coal-to-liquids (CTL) facilities that have penetrated the market.

$$E @ CTXINV = \sum_r \sum_{i=CTX,CTZ} [E(r)(i)INV + A \cdot K(r)(i)CAP + L(r)(i)BLD]$$

A	Coefficient= 1/capacity utilization to define nameplate capacity.
$E@CTXINV$	Cumulative builds of U.S. CTL capacity (subject to an upper bound based on the Mansfield-Blackman penetration algorithm, see Appendix F).
$E(r)(u)INV$	Stream day capacity added during this simulated period for processing unit type (u = CTX, CTZ) in region (r).
$K(r)(u)CAP$	Base processing capacity in processing unit (u = CTX, CTZ) at region (r). Subject to an upper bound representing starting capacity.
$L(r)(u)BLD$	Cumulative stream day capacity added for processing unit (u = CTX, CTZ) at region (r) during the previous simulated periods. This variable is fixed.

### **E@CBLMBX**

The cumulative capacity of coal/biomass-to-liquids (CBTL) facilities that have penetrated the market.

$$E @ CBLINV = \sum_r [E(r)CBLINV + L(r)CBLBLD + A \cdot K(r)CBLCAP]$$

<i>A</i>	Coefficient= 1/capacity utilization to define nameplate capacity.
<i>E@CBLINV</i>	Cumulative builds of U.S. CBTL capacity (subject to an upper bound based on the Mansfield-Blackman penetration algorithm, see Appendix F).
<i>E(r)CBLINV</i>	Stream day capacity added during this simulated period in region (r).
<i>K(r)CBLCAP</i>	Base processing capacity at region (r). Subject to an upper bound.
<i>L(r)CBLBLD</i>	Cumulative stream day capacity added for processing unit at region (r) during the previous simulated periods. This variable is fixed.

### **E@GDTMBX**

The cumulative capacity of renewable diesel (GDT) facilities that have penetrated the market.

$$E @ GDTINV = \sum_r [E(r)GDTINV + L(r)GDTBLD + A \cdot K(r)GDTCAP]$$

<i>A</i>	Coefficient= 1/capacity utilization to define nameplate capacity.
<i>E@GDTINV</i>	Cumulative builds of U.S. renewable diesel (GDT) capacity (subject to an upper bound based on the Mansfield-Blackman penetration algorithm, see Appendix F).
<i>E(r)GDTINV</i>	Stream day capacity added during this simulated period in region (r).
<i>K(r)GDTCAP</i>	Base processing capacity at region (r). Subject to an upper bound.
<i>L(r)GDTBLD</i>	Cumulative stream day capacity added for processing unit at region (r) during the previous simulated periods. This variable is fixed.

### **E@CTZEPC**

The number of CTL units (converted to volumetric flow) that can be built under the EPACT2005 gasifier credit ruling is subject to an upper bound.

$$\sum_r [K(r)CTZCAP + L(r)CTZBLD + E(r)CTZINV] \leq \max$$

<i>E(r)CTZINV</i>	Stream day capacity added during the current year for processing unit CTZ in region (r).
<i>K(r)CTZCAP</i>	Base operating capacity of processing unit CTZ in region. Subject to an upper bound.
<i>L(r)CTZBLD</i>	Cumulative stream day capacity added during previous years for processing unit CTZ in region (r). This variable is fixed.
max	Maximum CTL capacity eligible for EPACT2005 credit (CTLMAXEPACT).

### **E(r)(emu)(e)**

Tally the emissions source (e = carbon (CAR), carbon monoxide (CO1), carbon dioxide (CO2), nitrogen oxides (NOX) sulfur oxides (SOX), and volatile organic compounds (VOC) in region (r). These accounting rows are unconstrained.

### **E(r)CARC**

65.4 R(r)FUMC2E + 65.4 R(r)FUMCC3 + 65.4 R(r)FUMIC4  
+ 75.5 R(r)FUMN2H + 81.9 R(r)FUMN6B + 81.9 R(r)FUMN6I  
+ 65.4 R(r)FUMNC4 + 55.1 R(r)FUMNGS + 55.1 R(r)FUMPGS  
+ 65.4 R(r)FUMRC3 + 65.4 R(r)FUMRI4 + 65.4 R(r)FUMRN4  
+ 65.4 R(r)FUMUC3 + 65.4 R(r)FUMUC4

**E(r)CARN**

5.9 K(r)FCCCAP + 1.6 K(r)VBRCAP

**E(r)CO1N**

13.7 K(r)FCCCAP + 3.8 K(r)VBRCAP

**E(r)CO2C**

239.4 R(r)FUMC2E + 239.4 R(r)FUMCC3 + 239.4 R(r)FUMIC4  
+ 277 R(r)FUMN2H + 300 R(r)FUMN6B + 300 R(r)FUMN6I  
+ 239.4 R(r)FUMNC4 + 201.7 R(r)FUMNGS + 201.7 R(r)FUMPGS  
+ 239.4 R(r)FUMRC3 + 239.4 R(r)FUMRI4 + 239.4 R(r)FUMRN4  
+ 239.4 R(r)FUMUC3 + 239.4 R(r)FUMUC4

**E(r)NOXC**

0.8978 R(r)FUMC2E + 0.8924 R(r)FUMCC3 + 0.8225 R(r)FUMIC4  
+ 2.31 R(r)FUMN2H + 2.31 R(r)FUMN6B + 2.31 R(r)FUMN6I  
+ 0.7903 R(r)FUMNC4 + 0.8642 R(r)FUMNGS + 0.8642 R(r)FUMPGS  
+ 0.8924 R(r)FUMRC3 + 0.8225 R(r)FUMRI4 + 0.7903 R(r)FUMRN4  
+ 0.8978 R(r)FUMUC3 + 0.8064 R(r)FUMUC4

**E(r)NOXN**

0.071 K(r)FCCCAP + 0.005 K(r)VBRCAP

**E(r)SOXC**

6.06 R(r)FUMC2E + 6.03 R(r)FUMCC3 + 5.56 R(r)FUMIC4  
+ 1.67 R(r)FUMN2H + 6.678 R(r)FUMN6B + 6.678 R(r)FUMN6I  
+ 5.34 R(r)FUMNC4 + 0.0037 R(r)FUMNGS + 5.864 R(r)FUMPGS  
+ 6.03 R(r)FUMRC3 + 5.56 R(r)FUMRI4 + 5.34 R(r)FUMRN4  
+ 6.06 R(r)FUMUC3 + 5.45 R(r)FUMUC4

**E(r)SOXN**

0.493 K(r)FCCCAP + 0.06 K(r)VBRCAP

**E(r)VOCC**

0.0182 R(r)FUMC2E + 0.0181 R(r)FUMCC3 + 0.0167 R(r)FUMIC4  
+ 0.0126 R(r)FUMN2H + 0.0126 R(r)FUMN6B + 0.0126 R(r)FUMN6I

+ 0.0161 R(r)FUMNC4 + 0.0173 R(r)FUMNGS + 0.0173 R(r)FUMPGS  
+ 0.0181 R(r)FUMRC3 + 0.0167 R(r)FUMRI4 + 0.0161 R(r)FUMRN4  
+ 0.0182 R(r)FUMUC3 + 0.0164 R(r)FUMUC4

### **E(r)VOCN**

0.1408 K(r)FCCCAP + 0.016 K(r)KRFCAP + 0.0557 K(r)VBRCAP + 0.05 K(r)VCUCAP

### **F@TOTCRD**

The total volume of unfinished oil processed in U.S. refineries must be less than some linear function of the total amount of crude oil processed.

$$B1 \cdot T @ UNFTOT \leq B2 + \sum_r \sum_v \sum_c R(r)ACU(v)(c) + \sum_r R(r)MARFLL$$

*B1* Regression coefficient.

*B2* Regression coefficient.

*T@UNFTOT* Total volume of unfinished oil processed at U.S. refineries.

*R(r)ACU(v)(c)* Total volume of crude oil processed in region (r).

*R(r)MARFLL* Total volume of crude oil processed at the marginal refinery in region (r).

### **G(r)CC3**

Propane extracted at the Gas Plant or received from the merchant plant, MPGPC3) is blended into LPG (CC3LPG) or used as feedstock (CC3FLG).

$$T_r^{CC3} \cdot G(r)GPL01 + H(r)MPGPC3 = G(r)CC3LPG + G(r)CC3FLG \quad \text{for all } r$$

*G(r)CC3LPG* Propane used as LPG.

*G(r)CC3FLG* Propane used as feedstock.

*G(r)GPL01* Total NGL extracted by the Gas Plant in region (r). This fixed variable is calculated from data provided by the OGSM module of NEMS.

*H(r)MPGPC3* Propane received from a merchant plant.

$T_r^{CC3}$  Fraction of total NGL that is propane.

### **G(r)IC4**

Iso-butane extracted at the Gas Plant is either blended into LPG, used in the refinery, or sent to the merchant plant.

$$T_r^{IC4} \cdot G(r)GPL01 = G(r)IC4LPG + G(r)IC4RFN + H(r)GPMP14 \quad \text{for all } r$$

*G(r)IC4LPG* Iso-butane used as LPG.



$G(r)IC4RFN$	Iso-butane used in the refinery.
$G(r)GPL01$	Total NGL extracted by the Gas Plant in region (r). This fixed variable is calculated from data provided by the OGSM module of NEMS.
$H(r)GPMP14$	Iso-butane sent to a merchant plant.
$T_r^{IC4}$	Fraction of total NGL that is iso-butane.

### **G(r)NAT**

Natural gasoline (pentanes plus) extracted at the Gas Plant is either used as petrochemical feedstock, used in the refinery, used as a denaturant in an ethanol plant, or put to some other use.

$$T_r^{NAT} \cdot G(r)GPL01 = G(r)NATPCF + G(r)NATRFN + \sum_d H(r)NATE(d) + G(r)NATOTH \quad \text{for all } r$$

$G(r)GPL01$	Total NGL extracted by the Gas Plant in region (r). This fixed variable is calculated from data provided by the OGSM module of NEMS.
$G(r)NATE(d)$	Natural gasoline used as ethanol denaturant.
$G(r)NATPCF$	Natural gasoline used as petrochemical feedstock.
$G(r)NATRFN$	Natural gasoline used in the refinery.
$H(r)NATOTH$	Natural gasoline used for other purposes.
$T_r^{NAT}$	Fraction of total NGL that is natural gasoline.

### **G(r)NC4**

Normal butane extracted at the Gas Plant is blended into LPG, used in the refinery, or sent to the merchant plant.

$$T_r^{NC4} \cdot G(r)GPL01 = G(r)NC4LPG + G(r)NC4RFN + H(r)GPMPN4 \quad \text{for all } r$$

$G(r)GPL01$	Total NGL extracted by the Gas Plant in region (r). This fixed variable is calculated from data provided by the OGSM module of NEMS.
$G(r)NC4LPG$	Normal butane used as LPG.
$G(r)NC4RFN$	Normal butane used in the refinery.
$H(r)GMMPN4$	Normal butane sent to a merchant plant.
$T_r^{NC4}$	Fraction of total NGL that is normal butane.

### **G(r)OVC**

Calculate combined variable costs at the gas plant *and* at the methanol plant in (r).

$$T(r)GPLOVC = A \cdot G(r)GPL01 + B \cdot G(r)MOH01 \quad \text{for all } r$$

<i>A</i>	Variable cost per unit of NGL exiting the Gas Plant.
<i>B</i>	Variable cost per unit of methanol produced at the methanol plant.
<i>G(r)GPL01</i>	Volume of NGL exiting the Gas Plant.
<i>G(r)MOH01</i>	Volume of methanol produced at the methanol plant.
<i>T(r)GPLOVC</i>	Gas plant and methanol plant operating costs in region (r).

### **G(r)PGS**

Ethane extracted at the Gas Plant or produced at the merchant plant can be used as feedstock or LPG. Some of the ethane available for extraction at the Gas Plant can be left in the natural gas stream (rejected).

$$T_r^{\text{PGS}} \cdot G(r)GPL01 + H(r)MPGPPS = G(r)PGSFLG + G(r)PGSLPG + G(r)SC2CC1 \quad \text{for all } r$$

<i>G(r)GPL01</i>	Total NGL extracted by the Gas Plant in region (r). This fixed variable is calculated from data provided by the OGSM module of NEMS.
<i>G(r)PGSFLG</i>	Ethane used as feedstock.
<i>G(r)PGSLPG</i>	Ethane used as LPG.
<i>G(r)SC2CC1</i>	Ethane left in the dry gas stream (rejected).
<i>H(r)MPGPPS</i>	Ethane from a merchant plant.
$T_r^{\text{PGS}}$	Fraction of total NGL that is ethane.

### **G(r)PGSLGX**

At most a specified fraction of the ethane available for extraction at the Gas Plant can be used as LPG.

$$G(r)PGSLPG \leq A \cdot T_r^{\text{PGS}} \cdot G(r)GPL01 \quad \text{for all } r$$

<i>A</i>	Maximum fraction of ethane that can be used as LPG.
<i>G(r)GPL01</i>	Total NGL extracted by the Gas Plant in region (r). This fixed variable is calculated from data provided by the OGSM module of NEMS.
<i>G(r)PGSLPG</i>	Ethane used as LPG.
$T_r^{\text{PGS}}$	Fraction of total NGL that is ethane.

### **G(r)SC2C1X**

At most a specified fraction of the ethane available for extraction at the Gas Plant can be rejected (left in the dry natural gas stream).

$$\mathbf{G(r)SC2C1X:} \quad G(r)SC2CC1 \leq A \cdot T_r^{\text{PGS}} \cdot G(r)GPL01 \quad \text{for all } r$$

<i>A</i>	Maximum fraction of ethane that can be left in the natural gas stream (rejected).
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$G(r)GPL01$	Total NGL extracted by the Gas Plant in region (r). This fixed variable is calculated from data provided by the OGSM module of NEMS.
$G(r)SC2CCI$	Total amount of ethane rejected, in Mbfoe/day.

### H(d)BIO

For each region (d), the total volume of biomass (intended for ethanol liquids production only, ET) transferred from biomass regions (br) to Census Division (d) must equal the total biomass processed into ethanol in region (d).

$$H(d)CLELIG + H(d)CLZLIG = \sum_{br'} \sum_{bt} X(br')ET(bt)(d) \quad \text{for all } d$$

$H(d)CLELIG$  Production of cellulosic (biomass) ethanol from unplanned capacity in region (d).

$H(d)CLZLIG$  Production of cellulosic (biomass) ethanol from planned capacity in region (d).

$X(br)ET(bt)(d)$  Total volume of biomass, by biomass type (bt), transferred from biomass region (br) to region (d), intended for ethanol liquids production (ET).

### H(d)BIOBTL

For each region (d), the total volume of biomass (intended for non-ethanol liquids production, BT) transferred from biomass regions (br) to Census Division (d) must equal the total biomass transferred from Census Division (d) to refinery region (r).

$$X(d)BIOT(r') = \sum_{br'} \sum_{bt} X(br')BT(bt)(d) \quad \text{for all } d$$

$X(d)BIOT(r')$  Total volume of biomass transferred from region (d) to region (r), intended for non-ethanol liquids production.

$X(br)BT(bt)(d)$  Total volume of biomass, by biomass type (bt), transferred from biomass region (br) to region (d), intended for non-ethanol liquids production (BT).

### H(d)DEN

The total volume of denaturant required in region (d), whether NAT (natural gasoline) from the Gas Plant or SSE, must equal 4.5% of the volume of ethanol produced in region (d).

$$\sum_{r_d} [H(r_d)NATE1 + H(r_d)SSE1] = \quad \text{for all } d$$

$$0.045 \cdot \left[ H(d)CLELIG + H(d)CLZLIG + \sum_{mod} H(d)CET(mod) \right]$$

## H(d)(cp)

For each region (d), the total volume of co-product (GLY, DDG, EDG, WMC) associated with corn ethanol (DDG, EDG, WMC) or biodiesel (GLY) production equals the sum of co-product production from each operating mode (processing unit and feedstock).

for all  $d$

$$\mathbf{H(d)GLY: } H(d)GLYTOT = 0.96 \cdot (H(d)BDNYGR + H(d)BDVSBO + H(d)BDWWGR)$$

for all  $d$

$$\mathbf{H(d)DDG: } H(d)DDGTOT + H(d)EDGTOT = 0.1352 \cdot H(d)CETDM1 + 0.1275 \cdot H(d)CETDM2 + 0.1428 \cdot H(d)CETDME$$

$$\mathbf{H(d)WMC: } H(d)WMCTOT = 0.1085 \cdot H(d)CETWME \quad \text{for all } d$$

$H(d)(cp)TOT$  Total volume of co-product (cp = GLY, DDG, EDG, WMC) produced per unit volume of corn ethanol or biodiesel made in region (d).

$H(d)(uns)(fff)$  Total volume of corn ethanol or biodiesel produced in region (d) using process (uns) and feedstock (fff), where (u)(fff) = BDNYGR, BDVSBO, BDWWGR, CETDM1, CETDM2, CETDME, CETWME.

## H(d)(fff) (fff = CRN, SBO, WGY, YGR)

Calculate requirement for feedstock (fff).

$$\mathbf{H(d)CRN: } \sum_{mod} A_{mod} \cdot H(d)CET(mod) = \sum_{Rs} C(d)CRN(Rs) \quad \text{for all } d$$

$$\mathbf{H(d)SBO: } X(d)SBO + A \cdot H(d)BDVSBO = \sum_{Rqq=R01}^{R99} C(d)SBO(Rqq) \quad \text{for all } d$$

$$\mathbf{H(d)WGR: } X(d)WGRTE + A \cdot H(d)BDWWGR = \sum_{Rs} C(d)WGR(Rs) \quad \text{for all } d$$

$$\mathbf{H(d)YGR: } X(d)YGRTE + A \cdot H(d)BDNYGR = \sum_{Rs} C(d)YGR(Rs) \quad \text{for all } d$$

## H(d)(mod)

Calculate usage of each processing mode.

$$\mathbf{H(d)BDN: } H(d)BDNTOT = H(d)BDNYGR \quad \text{for all } d$$

$$\mathbf{H(d)BDV: } H(d)BDVTOT = H(d)BDVSBO \quad \text{for all } d$$

$$\mathbf{H(d)BDW: } H(d)BDWTOT = H(d)BDWWGR \quad \text{for all } d$$

$$\mathbf{H(d)WMC: } H(d)WMCTOT = 0.1085 \cdot H(d)CETWME \quad \text{for all } d$$

### **H(d)(ren)** (for ren = BIM, BIN, ETC, ETH)

For each region (d), the total production of virgin (BIM) and non-virgin (BIM) biodiesel equals the sum of the production from each operating mode (processing unit and feedstock).

$$\mathbf{H(d)BIM: } H(d)BIMTOT = H(d)BDVSBO + H(d)BDWWGR \quad \text{for all } d$$

$$\mathbf{H(d)BIN: } H(d)BINTOT = H(d)BDNYGR \quad \text{for all } d$$

$H(d)BIMTOT$  Total production of biodiesel from virgin oil in region (d).

$H(d)BINTOT$  Total production of biodiesel from non-virgin oil in region (d).

$H(d)(u)(f)$  Total volume of biodiesel produced in region (d) using process (u) and feedstock (f), where (u)(f) = BDVSBO, BDWWGR, BDNYGR.

For each region (d), the total production of ethanol equals the sum of ethanol production from each operating mode (processing unit and feedstock).

$$\mathbf{H(d)ETC: } H(d)ETCTOT = H(d)CLELIG + H(d)CLZLIG \quad \text{for all } d$$

$$\mathbf{H(d)ETH:} \quad \text{for all } d$$

$$H(d)ETHTOT = H(d)CETDM1 + H(d)CETDM2 + H(d)CETDME + H(d)CETWME$$

$H(d)ETCTOT$  Total production of cellulosic ethanol in region (d).

$H(d)ETHTOT$  Total production of non-cellulosic corn ethanol in region (d).

$H(d)(u)(f)$  Total volume of corn ethanol produced in region (d) using process (u) and feedstock (f), where (u)(f) = CETDM1, CETDM2, CETDME, CETWME, CLELIG, CLZLIG.

### **H(r)BIO**

For each region (r), the total amount of biomass transferred from Census Division (d) into refinery region (r) equals the sum of biomass processed as feedstock to produce non-ethanol liquids in region (r).

$$\sum_d X(d)BIOT(r) = \sum_{\text{mod}} A \cdot H(r)BPU(\text{mod}) + \sum_{\text{mod}} A \cdot H(r)BTL(\text{mod}) + \sum_{\text{mod}} A \cdot H(r)CBL(\text{mod}) \quad \text{for}$$

all  $r$

$A$  Ratio of biomass feedstock to liquids production, different for each process unit.

$X(d)BIOT(r')$  Total volume of biomass transferred from region (d) to region (r), intended for non-ethanol liquids production.

$H(r)BPU(\text{mod})$  Production level of liquids from biomass pyrolysis for operating mode (mod) in region (d).

$H(r)BTL(\text{mod})$  Production level of liquids from biomass (BTL) for operating mode (mod) in region (d).

$H(r)CBL(mod)$  Production level of liquids from coal/biomass (CBTL) for operating mode (mod) in region (d).

### H(r)BIT

$$N(r)BITN1 = N(r)BITXX + A \cdot H(r)CTXBIT + A \cdot H(r)CTZBIT \quad \text{for all } r$$

$N(r)BITN1$  Quantity of coal transferred to refinery region (r) for CTL production.

$N(r)BITXX$  Very small quantity of coal in region (r) used to keep the row from being basic (in an LP sense).

$H(r)CT(m)BIT$  Manufacturing activity level for coal-to-liquids (CTL) operating mode (m = x, z) in refinery region (r).

### H(r)CAB

The total CO<sub>2</sub> produced by BTL plants in region (r) that is either compressed, or purposefully released to the atmosphere must equal the amount of CO<sub>2</sub> produced by BTL that is captured (does not escape to the atmosphere).

$$Z(r)CABATM = A \cdot \sum_{mod} [H(r)BTL(mod)] + Z(r)CEBATM$$

A Ratio of CO<sub>2</sub> emissions that could not be captured to the BTL liquids production.

$H(r)BTL(mod)$  Total BTL production level, by operating mode (mod), in region (r).

$Z(r)CEBATM$  Total volume of captured CO<sub>2</sub> (from BTL) released to the atmosphere in region (r).

$Z(r)CABATM$  Total volume of CO<sub>2</sub> (from BTL) released to the atmosphere in region (r).

### H(r)CABESC

Generates an accounting variable to track total CO<sub>2</sub> produced by BTL plants in region (r) that cannot be captured (escapes to the atmosphere)

$$Z(r)CABESC = A \cdot \sum_{mod} [H(r)BTL(mod)]$$

A Ratio of CO<sub>2</sub> emissions that could not be captured to the BTL liquids production.

$H(r)BTL(mod)$  Total BTL production level, by operating mode (mod), in region (r).

$Z(r)CABESC$  Total volume of CO<sub>2</sub> (from BTL) not captured (escaped to the atmosphere) in region (r).

### H(r)CAC

The total CO<sub>2</sub> produced by CTL plants in region (r) that is either compressed, or purposefully released to the atmosphere must equal the amount of CO<sub>2</sub> produced by CTL that is captured (does not escape to the atmosphere).

$$Z(r)CACATM - Z(r)CECATM = A \cdot [H(r)CTXBIT + H(r)CTZBIT]$$

- $A$  Ratio of CO<sub>2</sub> emissions that could not be captured to the CTL liquids production.
- $H(r)CTXBIT, H(r)CTZBIT$  Total CTL production level, by operating mode, in region (r).
- $Z(r)CECATM$  Total volume of captured CO<sub>2</sub> (from CTL) released to the atmosphere in region (r).
- $Z(r)CACATM$  Total volume of CO<sub>2</sub> (from CTL) released to the atmosphere in region (r).

### **H(r)CACESC**

Generates an accounting variable to track total CO<sub>2</sub> produced by CTL plants in region (r) that cannot be captured (escapes to the atmosphere)

$$Z(r)CACESC = A \cdot [H(r)CTXBIT + H(r)CTZBIT]$$

- $A$  Ratio of CO<sub>2</sub> emissions that could not be captured to the CTL liquids production.
- $H(r)CTXBIT, H(r)CTZBIT$  Total CTL production level, by operating mode, in region (r).
- $Z(r)CACESC$  Total volume of CO<sub>2</sub> (from CTL) not captured (escaped to the atmosphere) in region (r).

### **H(r)CAX**

The total CO<sub>2</sub> produced by CBTL plants in region (r) that is either compressed, or purposefully released to the atmosphere must equal the amount of CO<sub>2</sub> produced by CBTL that is captured (does not escape to the atmosphere).

$$Z(r)CAXATM - Z(r)CEXATM = A \cdot [H(r)CBLE20]$$

- $A$  Ratio of CO<sub>2</sub> emissions that could not be captured to the CBTL liquids production.
- $H(r)CBLE20$  Total CBTL production level, by operating mode, in region (r).
- $Z(r)CECATM$  Total volume of captured CO<sub>2</sub> (from CBTL) released to the atmosphere in region (r).
- $Z(r)CACATM$  Total volume of CO<sub>2</sub> (from CBTL) released to the atmosphere in region (r).

### **H(r)CAXESC**

Generates an accounting variable to track total CO<sub>2</sub> produced by CBTL plants in region (r) that cannot be captured (escapes to the atmosphere).

$$Z(r)CAXESC = A \cdot [H(r)CBLE20]$$

- $A$  Ratio of CO<sub>2</sub> emissions that could not be captured to the CBTL liquids production.
- $H(r)CBLE20$  Total CBTL production level, by operating mode, in region (r).
- $Z(r)CAXESC$  Total volume of CO<sub>2</sub> (from CBTL) not captured (escaped to the atmosphere) in region (r).

### H(r)CC3

$$H(r)MPGPC3 = I_{CC3} \cdot H(r)C4XNC4 + D_{CC3} \cdot H(r)OLXIC4 - 1.66 \cdot H(r)FUXCC3$$

$D_{CC3}$	This parameter (0.03) specifies the volume of C3 created per unit of iso-butane produced in process OLX. See Table OLXREP in mchproc.dat.
$H(r)C4XNC4$	Volume of NC4 sent to isomerization process.
$H(r)FUXCC3$	Volume of C3 used as fuel at the merchant plant.
$H(r)MPGPC3$	Volume of C3 transferred from the merchant plant to the Gas Plant.
$H(r)OLXIC4$	Volume of IC4 sent to de-hydrogenation process.
$I_{CC3}$	This parameter (0.022) specifies the volume of C3 created per unit of iso-butane produced in process C4X. See Table C4XREP in mchproc.dat.

### H(r)CEB

The total CO<sub>2</sub> produced by BTL plants in region (r) that is either compressed, or purposefully released to the atmosphere must equal the amount of CO<sub>2</sub> produced by BTL that is captured (does not escape to the atmosphere).

$$Z(r)CEBATM + H(r)CCBCO2 = A \cdot \sum_{\text{mod}} [H(r)BTL(\text{mod})]$$

$A$	Ratio of CO <sub>2</sub> emissions to BTL liquids production.
$Z(r)CEBATM$	Total volume of captured CO <sub>2</sub> (from BTL) released to the atmosphere in region (r).
$H(r)CCBCO2$	Total volume of captured CO <sub>2</sub> (from BTL) sent for compression in region (r).
$H(r)BTL(\text{mod})$	Total BTL production level, by operating mode, in region (r).

### H(r)CEBCPR

Generates an accounting variable to track total CO<sub>2</sub> produced by BTL plants in region (r) that is captured, compressed, and transported for sequestration.

$$Z(r)CEBCPR = H(r)CCBCO2$$

$Z(r)CEBCPR$	Total CO <sub>2</sub> captured from BTL and sent for compression in region (r).
$H(r)CCBCO2$	Total volume of captured CO <sub>2</sub> (from BTL) sent for compression in region (r).

### H(r)CEC

The total CO<sub>2</sub> produced by CTL plants in region (r) that is either compressed, or purposefully released to the atmosphere must equal the amount of CO<sub>2</sub> produced by CTL that is captured (does not escape to the atmosphere).

$$Z(r)CECATM + Z(r)CCCCO2 = A \cdot [H(r)CTXBIT + H(r)CTZBIT]$$

$A$	Ratio of CO <sub>2</sub> emissions to CTL liquids production.
$Z(r)CECATM$	Total volume of captured CO <sub>2</sub> (from CTL) released to the atmosphere in region (r).



$H(r)CCCCO2$  Total volume of captured CO<sub>2</sub> (from CTL) sent for compression in region (r).  
 $H(r)CTXBIT, H(r)CTZBIT$  Total CTL production level, by operating mode, in region (r).

### **H(r)CECCPR**

Generates an accounting variable to track total CO<sub>2</sub> produced by CTL plants in region (r) that is captured, compressed, and transported for sequestration.

$$Z(r)CECCPR = H(r)CCCCO2$$

$Z(r)CECCPR$  Total CO<sub>2</sub> captured from CTL and sent for compression in region (r).  
 $H(r)CCCCO2$  Total volume of captured CO<sub>2</sub> (from CTL) sent for compression in region (r).

### **H(r)CEX**

The total CO<sub>2</sub> produced by CBTL plants in region (r) that is either compressed, or purposefully released to the atmosphere must equal the amount of CO<sub>2</sub> produced by CBTL that is captured (does not escape to the atmosphere).

$$Z(r)CEXATM + Z(r)CCXCO2 = A \cdot [H(r)CBLE20]$$

$A$  Ratio of CO<sub>2</sub> emissions to CBTL liquids production.  
 $Z(r)CEXATM$  Total volume of captured CO<sub>2</sub> (from CBTL) released to the atmosphere in region (r).  
 $H(r)CCXCO2$  Total volume of captured CO<sub>2</sub> (from CBTL) sent for compression in region (r).  
 $H(r)CBLE20$  Total CBTL production level, by operating mode, in region (r).

### **H(r)CEXCPR**

Generates an accounting variable to track total CO<sub>2</sub> produced by CBTL plants in region (r) that is captured, compressed, and transported for sequestration.

$$Z(r)CEXCPR = H(r)CCXCO2$$

$Z(r)CEXCPR$  Total CO<sub>2</sub> captured from CBTL and sent for compression in region (r).  
 $H(r)CCXCO2$  Total volume of captured CO<sub>2</sub> (from CBTL) sent for compression in region (r).

### **H(r)CO2**

Balance row to account for total CO<sub>2</sub> produced by CTL, BTL, and CBTL plants in region (r) that is captured and compressed, and linked to a transport and storage cost curve.

$$H(r)CCBCO2 + H(r)CCCCO2 + H(r)CCXCO2 = \sum_{s=1}^9 N(r)CO2N(s) \text{ for all } r$$

$H(r)CCBCO2$  Total volume of captured CO<sub>2</sub> (from BTL) sent for compression in region (r).  
 $H(r)CCCCO2$  Total volume of captured CO<sub>2</sub> (from CTL) sent for compression in region (r).

$H(r)CCXCO_2$  Total volume of captured CO<sub>2</sub> (from CBTL) sent for compression in region (r).  
 $N(r)CO_2N(s)$  Represents CO<sub>2</sub> transport and storage/sequestration cost curve in region (r) represented by cost steps (s).

### **H(r)CO<sub>2</sub>ATM**

Generates an accounting variable to track total CO<sub>2</sub> (produced by CTL, BTL, and CBTL plants) in region (r) that is released to the atmosphere (includes escaped CO<sub>2</sub>).

$$Z(r)CO_2ATM = Z(r)CABATM + Z(r)CACATM + Z(r)CAXATM \quad \text{for all } r$$

$Z(r)CACATM$  Total volume of CO<sub>2</sub> (from CTL) released to the atmosphere in region (r).  
 $Z(r)CABATM$  Total volume of CO<sub>2</sub> (from BTL) released to the atmosphere in region (r).  
 $Z(r)CAXATM$  Total volume of CO<sub>2</sub> (from CBTL) released to the atmosphere in region (r).  
 $Z(r)CO_2ATM$  Total volume of CO<sub>2</sub> (from CTL, BTL, CBTL) released to the atmosphere in region (r).

### **H(r)CO<sub>2</sub>CPR**

Generates an accounting variable to track total CO<sub>2</sub> (produced by CTL, BTL, and CBTL plants) in region (r) that is captured, compressed, and transported for sequestration. A carbon tax credit can be applied to the accounting vector.

$$Z(r)CO_2CPR = \sum_{s=1}^9 N(r)CO_2N(s) \quad \text{for all } r$$

$Z(r)CO_2CPR$  Total compressed CO<sub>2</sub> (from CTL, BTL, CBTL) sent for transport and storage/sequestration in region (r).  
 $N(r)CO_2N(s)$  Represents CO<sub>2</sub> transport and storage/sequestration cost curve in region (r) represented by cost steps (s).

### **H(r)FUMCAP**

Calculate total throughput through processing unit FUX (fuel use module) for the merchant plant in region (r).

$$K(r)FUXCAP = \sum_{ist} H(r)FUX(ist) \quad \text{for all } r, \quad ist = CC3, HYL, NGS, PGS$$

$H(r)FUX(ist)$  Operating level for merchant fuel use plant.  $ist=CC3, HYL, NGS, PGS$ .  
 $K(r)FUXCAP$  Capacity for merchant fuel use plant.

### **H(r)PGS**

$$H(r)MPGPPS = I_{PGS} \cdot H(r)C4XNC4 + D_{PGS} \cdot H(r)OLXIC4 - H(r)FUXPGS$$

$D_{PGS}$  Volume of PGS created per unit of iso-butane produced in process OLX.  
 $H(r)C4XNC4$  Volume of NC4 sent to isomerization process.

- $H(r)FUXPGS$  Volume of PGS used as fuel at the merchant plant.  
 $H(r)MPGPPS$  Volume of PGS transferred from the merchant plant to the Gas Plant.  
 $H(r)OLXIC4$  Volume of IC4 sent to de-hydrogenation process.  
 $I_{PGS}$  Volume of PGS created per unit of iso-butane produced in process C4X.

### H(r)(uuu)

The amount of utility (uuu = COA, KWH, STM, but not NGF) supplied to the corn ethanol plants in the regions ( $d_r$ :  $d_C=3,4$ ;  $d_E=1,2, 5$ ;  $d_G=6,7$ ;  $d_M=8$ ,  $d_W=9$ ) near region (r) is proportional to the amount of corn ethanol produced in those regions.

The amount of coal (COA) supplied to the corn ethanol plants in the regions ( $d_r$ ) near region (r) is proportional to the amount of corn ethanol produced in those regions.

$$\mathbf{H(r)COA:} \quad \sum_{d_r} N(d)ETHCOA = 1.7136 \cdot \sum_{d_r} \sum_{mod} H(d_r)CET(mod) \quad \text{for all } r$$

$N(d)ETHCOA$  Quantity of coal consumed for corn ethanol production in region (d).

$H(d)CETWME$  Manufacturing level for the CET process unit in operating mode WME in region (d).

$$\mathbf{H(r)KWH:} \quad H(r)KWHMCH = \sum_{uns} \sum_m H(r)(uns)(m) \cdot A + \sum_{d_r} \sum_{mod} H(d_r)(uns)(mod) \cdot A \quad \text{for all } r$$

A Electricity usage per unit of manufacturing in operating mode (m) for unit (uns).

$H(r)(uns)(m)$  Manufacturing level in operating mode (m) for process unit (uns) in region (r).

$H(r)KWHMCH$  Amount of electricity purchased by merchant (non-refinery) units in region (r).

$$\mathbf{H(r)STM:} \quad H(r)STM = \sum_{uns} \sum_m H(r)(uns)(m) \cdot A + \sum_{d_r} \sum_{mod} H(d_r)(uns)(mod) \cdot A \quad \text{for all } r$$

A Electricity usage per unit of manufacturing in operating mode (m) for unit (uns).

$H(r)(uns)(m)$  Manufacturing level in operating mode (m) for unit (uns) in region (r).

$H(r)KWHMCH$  Amount of electricity purchased by merchant (non-refinery) units in region (r).

### H(r)LOS

FREE

### H(r)OVC

Calculate the total variable cost at the merchant oxygenate plant in region (r).

$$A_{87} \cdot T(r)MCHOVC = \sum_{uns} \sum_{mod} A \cdot H(r)(uns)(mod) + \sum_{d_r} \sum_{uns} \sum_{mod} A \cdot H(d_r)(uns)(mod)$$

$A$	Various coefficients.
$A_{87}$	Coefficient to convert from 1987\$ to 2000\$.
$H(d_r)(uns)(mod)$	Production at biodiesel, corn ethanol, and cellulosic ethanol plants in region ( $d_r$ ). $d_C=3,4$ ; $d_E=1,2,5$ ; $d_G=6,7$ ; $d_M=8$ ; $d_W=9$
$H(r)(uns)(mod)$	Production from process (uns) in operating mode (mod) in region (r).
$T(r)MCHOVC$	Merchant plant operating costs in region (r).

## HG\_CTL\_U

See (z)CTL(i).

## I@(crt)

Crude oil imports.

For  $crt=FHM,FHL,FHV,FLL,FMH$ :

$$\sum_{Q_s} P@(crt)(Q_s) = \sum_r \sum_{Q_s} P(r)(crt)(Q_s) + \sum_w T(w)FLL \cdot A_w^{crt} + \sum_w T(w)IMC \cdot B_w^{crt} + \sum_d P(d)DCRQ1 \cdot A_o^{crt}$$

$P@(crt)(Q_s)$  World crude supply of crude type (crt) by price level ( $Q_s$ ).

$P(r)(crt)(Q_s)$  Crude (crt) imports by price level ( $Q_s$ ), to region (r).

$P(d)DCRQ1$  Total U.S. domestic crude supply. Used with  $A_o^{crt}$  will define quantity of crude by crude type (crt).

$T(w)FLL$  Crude (crt=FLL) demand at world marginal refinery in region (w).

$T(w)IMC$  Crude (crt=IMC= FHM,FHL,FHV,FLL,FMH) demand at world infra-marginal refinery in region (w).

$A_o^{crt}$  Factor defining fraction of total U.S. domestic crude supply by crude type (crt) in crude supply region (o).

$A_w^{crt}$  Factor defining fraction of total crude processed in world region (w) that is crude type (crt).

Note:  $\sum_d A_d^{crt} = 1.0$  for  $crt = FHM, FHL, FHV, FLL, FMH$

$\sum_{crt} A_w^{crt} = 1.0$  for  $w = A, N, R, U$

$\sum_{crt} B_w^{crt} = 1.0$  for  $w = A, N, R, U$

## I@GENCRD

$$\sum_{crt} \sum_{Qs} P @ (crt)(Qs) = \sum_s PWRLDQQ(s) \quad \text{where } crt = FHH, FHL, FHV, FMH, FLL$$

## I@GLBNGL

$$\sum_s PGLBLNGL(s) = \sum_w W(w)GLBLPG$$

$PGLBLNGL(s)$  World NGL supply curve for price steps ( $s=1,9$ ).

$W(w)GLBLPG$  World transshipments of LPG to region ( $w$ ).

## I(r)DIS

The distillate produced at the marginal refinery in each region ( $r$ ) comprises #2 heating oil (N2H), DSL (low-sulfur diesel), and DSU (ultra-low-sulfur diesel).

$$A \cdot R(r)MARFLL = R(r)DISDSL + R(r)DISDSU + R(r)DISN2H \quad \text{for all } r$$

$A$  Ratio of distillate produced at the marginal refinery per volume of crude processed in region ( $r$ ).

$R(r)MARFLL$  Total volume of crude oil processed at the marginal refinery in region ( $r$ ).

$R(r)DIS(xxx)$  Volume of distillate type ( $xxx=DSL,DSU,N2H$ ) produced at the marginal refinery in region ( $r$ ).

## I(r)GAS

The motor gasoline-type product produced at the marginal refinery in each region comprises SSE, SSR, and TRG.

$$A \cdot R(r)MARFLL = R(r)GASSSE + R(r)GASSSR + R(r)GASTRG \quad \text{for all } r$$

$A$  Ratio of motor gasoline produced at the marginal refinery per volume of crude processed in region ( $r$ ).

$R(r)MARFLL$  Total volume of crude oil processed at the marginal refinery in region ( $r$ ).

$R(r)GAS(xxx)$  Volume of motor gasoline-type product ( $xxx=SSE,SSR,TRG$ ) produced at the marginal refinery in region ( $r$ ).

## I(r)RES

Resid produced at the marginal refinery in region ( $r$ ) comprises N6I and ARB (unfinished oil).

$$A \cdot R(r)MARFLL = R(r)RESN6I + R(r)RESARB \quad \text{for all } r$$

- A* Ratio of resid produced at the marginal refinery per volume of crude processed in region (r).
- R(r)MARFLL* Total volume of crude oil processed at the marginal refinery in region (r).
- R(r)RES(xxx)* Volume of motor resid-type product (xxx=N6I, ARB) produced at the marginal refinery in region (r).

### **I(r)SWG**

Balance row to allow distillates and motor gasoline produced at the marginal refinery to swing between TRG, SSE, SSR, N2H, DSL, DSU, JTA based on economics, in region (r)

$$A \cdot R(r)MARFLL = \sum_{(ful)} R(r)SWG(ful) \quad \text{for all } r, (ful)=DSL,DSU,JTA,N2H,SSE,SSR,TRG$$

- A* Ratio of swing product (motor gasoline or distillates) produced at the marginal refinery per volume of crude processed in region (r).
- R(r)MARFLL* Total volume of crude oil processed at the marginal refinery in region (r).
- R(r)SWG(ful)* Volume of distillate or motor gasoline-type product (ful=DSL,DSU,JTA,N2H, SSE,SSR,TRG) produced at the marginal refinery in region (r).

### **I(r)(pri)IMP**

For each region (r), calculate total imports of import product (pri) from all world refineries (w=A,N,R,U).

$$I(r)(pri)TOT = \sum_w \sum_{s=1}^3 I(r)(pri)(w)(s) \quad \text{for all } r, pri$$

- I(r)(pri)TOT* Total imports of product (pri).
- I(r)(pri)(w)(s)* Imports of product (pri) into region (r) from world refinery (w) at price point (s).

*pri* Let  $prd' = DSL,DSU,JTA,LPG,N2H,N6B,N6I,OTH,PCF,TRG$   
(i.e.,  $prd'$  is a subset of  $prd$ ). Then:

$$\begin{aligned} pri(C) &= prd' + \{SSE,SSR\} + \{HGM,NPP\} \\ pri(E) &= prd' + \{SSE,SSR\} + \{ARB,HGM,NPP\} \\ pri(G) &= prd' + \{SSE,SSR\} + \{ARB,HGM,NPP\} \\ pri(M) &= prd' + \{SSE,SSR\} \\ pri(W) &= prd' + \{SSE,SSR\} + \{ARB,HGM,NPP\} \end{aligned}$$

### **L(d)CET(xxx) (for xxx = CD1, CD2)**

Total production of ethanol from corn for unit type (xxx) must not exceed the available capacity as defined by the upper limit on the existing and new capacity vectors.

For new technology:

$$\mathbf{L(d)CETCD1:} \quad H(d)CETDM1 = K(d)CETDM1 + L(d)CETDM1 + E(d)CETDM1 \quad \text{for all } d$$

$$\mathbf{L(d)CETCD2:} \quad H(d)CETDM2 = K(d)CETDM2 + L(d)CETDM2 + E(d)CETDM2 \quad \text{for all } d$$

$E(d)CET(mod)$  New corn ethanol capacity in region (d) for dry mill process (mod=DM1, DM2).

$H(d)CET(mod)$  Corn ethanol production in region (d) in operating mode (mod=DM1, DM2).

$K(d)CET(mod)$  Cumulative corn ethanol capacity added in region (d) for dry mill process (mod=DM1, DM2) determined to be uneconomical to run in any year after the year it was built.

$L(d)CET(mod)$  Cumulative corn ethanol capacity added in region (d) for dry mill process (mod=DM1, DM2).

### **L(d)CETOLD**

For existing (OLD) corn ethanol unit (CET) capacity. Total existing capacity is put into an accounting variable.

$$H(d)CETDME + H(d)CETWME = K(d)CETOLD \quad \text{for all } d$$

$H(d)CETDME$  Total existing corn ethanol unit capacity for dry mill processing in region (d).

$H(d)CETWME$  Total existing corn ethanol unit capacity for wet mill processing in region (d).

$K(d)CETOLD$  Total existing corn ethanol (CET) unit capacity in region (d).

### **L(d)(uns)CAP**

Define builds and investments for biodiesel plants and ethanol plants.

$$\mathbf{L(d)BDNCAP:} \quad H(d)BDNYGR = K(d)BDNCAP + L(d)BDNBLD + E(d)BDNINV \quad \text{for all } d$$

$$\mathbf{L(d)BDVCAP:} \quad H(d)BDVSBO = K(d)BDVCAP + L(d)BDVBLD + E(d)BDVINV \quad \text{for all } d$$

$$\mathbf{L(d)BDWCAP:} \quad H(d)BDWWGR = K(d)BDWCAP + L(d)BDWBLD + E(d)BDWINV \quad \text{for all } d$$

**L(d)CETCAP:** FREE

$$L(d)CETBLD + \sum_m [K(d)CET(m) + L(d)CET(m) + E(d)CET(m)] \quad \text{for all } d, m=DM1, DM2$$

$$\mathbf{L(d)CLECAP:} \quad H(d)CLELIG = K(d)CLZCAP + L(d)CLEBLD + E(d)CLEINV \quad \text{for all } d$$

$$\mathbf{L(d)CLZCAP:} \quad H(d)CLXLIG = K(d)CLZCAP + E(d)CLZINV \quad \text{for all } d$$

## **L(r)(uns)CAP**

$$K(r)(uns)CAP + E(r)(uns)INV + L(r)(uns)BLD = \sum_{mod} R(r)(uns)(mod) \quad \text{for } uns \neq \text{ACU}$$

$$K(r)(uns)CAP + E(r)(uns)INV + L(r)(uns)BLD = \sum_{crt} R(r)(uns)(crt) \quad \text{for } uns = \text{ACU}$$

*E(r)(uns)INV* Stream day capacity added during this simulated period for processing unit type (uns) in region (r).

*K(r)(uns)CAP* Base processing capacity in processing unit (uns) in region (r).

*L(r)(uns)BLD* Cumulative stream day capacity added for processing unit (uns) in region (r) during the previous simulated periods. This variable is fixed.

*R(r)(uns)(crt)* Volume of crude type (crt) processed in region (r), for uns = ACU only.

*R(r)(uns)(mod)* Refinery process operation in mode (mod) in region (r).

## **L(r)BTLCAP**

Balance on operating level and available capacity for BTL, in region (r).

(some variables subject to upper bound...)

$$A \cdot E(r)BTLINV + K(r)BTLCAP + A \cdot L(r)BTLBLD = H(r)BTLRED + H(r)BTLREJ \quad \text{for all } r$$

## **L(r)GDTCAP**

Balance on operating level and available capacity for green diesel hydrotreater, in region (r).

$$A \cdot E(r)GGDTINV + K(r)GDTCAP + A \cdot L(r)GDTBLD = R(r)GDTGDG + R(r)GDTGDV + R(r)GDTGDW \quad \text{for all } r$$

## **L(w)ILGCAP**

International downstream transfers from LPG to distillate in region (w).

$$K(w)ILGCAP = R(w)ILGL2D \quad \text{for } w = \text{A,N,U}$$

$$K(w)ILGCAP = 0 \quad \text{for } w = \text{R}$$

## **L(w)IUPCAP**

International downstream upgrading capacity, in (w)

$$K(w)IUPCAP = R(w)IUPN2D + R(w)IUPR2D1 + R(w)IUPR2D2$$

## **MAXCORN4RFS**

The total volume of corn ethanol production must be less than some maximum value.

(Also, note that the constraint name is longer than eight characters.)



$$\sum_d H(d)ETHTOT \leq \max$$

$H(d)ETHTOT$  Total volume of corn ethanol produced in region (d).  
max Maximum allowable total ethanol production.

### **M(d)(ppd) (ppd is a subset of prd+Ss)**

For regions 5 (South Atlantic) and 6 (South Central), the volume of each product shipped into the region equals the pipeline sales within the region plus the volume shipped out of the region.

$$\mathbf{M5(ppd):} \quad W6(ppd)T5 = W5(ppd)X5 + W5(ppd)T2 \quad \text{for all } ppd$$

$$\mathbf{M6(ppd):} \quad WG(ppd)T6 = W6(ppd)X6 + W6(ppd)T5 \quad \text{for all } ppd$$

$W(i)(p)T(m)$  Volume of product (p) shipped from region (i=G, 5, 6) to region (m=2,5,6).

$W(m)(p)X(m)$  Volume of pipeline sales of product (p) in region (m).

$ppd$  Subset of (prd)+(Ss): DSL, DSU, JTA, LPG, N2H, RFG, RFH, SSE, SSR, SST, TRG, TRH.

Note: W6LPGT5 and W5LPGT2 do not exist, which forces W5LPGX5=0

### **M(r)(p) (where p is a subset of: (prd)+(Ss)+JP5+NPI)**

For each product at each refinery, the volume manufactured plus volume imported plus volume transferred from another higher quality product must equal to the volume transferred to other lower quality products plus the amount consumed by recipe plus the volume shipped to market.

$$R(r)MARFLL \cdot A_{rp} + Q(r)(p) + \sum_i G(r)(i)(p) + \sum_{Rq} I(r)(p)(Rq) + \sum_p T(r)(s)(p) +$$

$$\sum_m R(r)RES(p) = \sum_m \sum_d W(r)(p)(m)(d) + \sum_p R(r)FUM(p) \quad \text{for all } r, p$$

$A_{rp}$  Volume of product (p=JTA,OTH,PCF) manufactured at the marginal refinery in region (r) per unit volume of crude entering the refinery.

$G(r)(i)(p)$  Gas plant output transfer of stream (i) to product (p=LPG,PCF,OTH) in region (r).

$I(r)(p)(Rq)$  Volume of product (p) imported into region (r) at price step (Rq).

$Q(r)(p)$  Volume of spec product (p) manufactured in region (r).

$R(r)FUM(p)$  Manufacturing activity level in mode (p) operation in processing unit FUM at region (r).  
For p=N6B and N6I only. (Note: the mode name is identical to the product name in this case).

$R(r)MARFLL$  Volume of crude entering the marginal refinery in region (r).

- R(r)RES(p) Manufacturing activity level in mode (p) operation in processing unit FUM at region (r).  
For p=N6I only. (Note: the mode name is identical to the product name in this case).
- T(r)(s)(p) Volume of stream (s) transferred into product (p) in region (r).
- W(r)(p)(m)(d) Volume of product (p) shipped from region (r) to region (d) via mode (m).

### M(r)MTB(mgb)

This constraint is no longer active. Formerly, it restricted the volume percentage of undesirable MTBE oxygenate in RFG-related and TRG-related motor gasoline produced at refinery (r) for sale or splash blending.

### M(w)(ppw) (ppw is a subset of: (prd)+(Ss)+DIS+NAP+RES)

The volume of product manufactured in or transferred in each world refinery region (w) must equal the volume of product sent to the U.S. or to other world refinery regions.

$$A_{p1} \cdot R(w)MARFLL + A_{p2} \cdot R(w)MARIMC + \sum_{p'} R(w)(p')(p) = \sum_{r_w} \sum_{s=1}^3 I(r_w)(p)(w)(s) + \sum_{w'} W(w)(p)X(w') \quad \text{for all } w, p$$

- A<sub>p1</sub> Volume of product (p) manufactured at the marginal refinery in region (w) per unit volume of crude type FLL entering the refinery.
- A<sub>p2</sub> Volume of product (p) manufactured at the marginal refinery in region (w) per unit volume of crude type IMC entering the refinery.
- I(r<sub>w</sub>)(p)(w)(s) Volume of product (p) imported to U.S. region (r) from region (w) at price step (s).
- R(w)MARFLL Volume of crude type FLL entering the marginal refinery in region (w).
- R(w)MARIMC Volume of crude type IMC entering the marginal refinery in region (w).
- R(w)(p')(p) Volume of product (p) transferred to product (p') in region (w).
- W(w)(p)X(w') Volume of product (p) transported from region (w) to region (w').

### O(o)(crt)

Allocate total domestic crude oil production in supply region (o) into different types of crude oil (crt).

$$A_o^{crt} \cdot P(o)DCRQ1 \quad \text{FREE} \quad \text{for all relevant combinations of (o) and (crt)}$$

P(o)DCRQ1 Total volume of crude oil produced in domestic supply region (o).

A<sub>o</sub><sup>crt</sup> Proportion of crude produced in (o) that is type (crt). Note:  $\sum_{crt} A_o^{crt} = 1.0$  for all (o).

### OPAFLT(x) (x=C,D,L,O)

Accounting of all product imports to the U.S. by product group (C=DSL,DSU,JTA,NPP,PCF,SSE,SSR,TRG; D=ARB,HGM,N2H,N6I,N6B; L=LPG; O=OTH).

for all relevant combinations such that (prd') is a subset of (x), as defined above.

$$\sum_r \sum_{prd} \sum_w \sum_s I(r)(prd')(w)(s) \quad \text{FREE}$$

$I(r)(prd')(w)(s)$  Total volume of product (prd') imported from region (w) to region (r) at price level (s=1,3).

### **P(r)(pol), H(r)(pol)**

Refineries and merchant plants adhere to 'policy' table entries (Note: “ $\leq$ ” indicates =,  $\leq$ , or  $\geq$ , depending on the specific policy requirement).

$$\mathbf{P(r)(pol)}: \sum_u \sum_m R(r)(u)(m) \cdot A_{pol,rum} \leq \geq A_{pol,r} \cdot Z(r)FLO(u) \quad \text{for all } r, pol$$

$$\mathbf{H(r)(pol)}: \sum_u \sum_m H(r)(u)(m) \cdot A_{pol,rum} \leq \geq A_{pol,r} \cdot Z(r)FLO(u) \quad \text{for all } r, pol$$

$A_{pol,rum}$  Coefficient representing policy emission level as a function of processing unit operating level.

$R(r)(u)(m)$  Manufacturing activity level in operating mode (m) in processing unit (u) in region (r).

$H(r)(u)(m)$  Manufacturing activity level in operating mode (m) in processing unit (u) at the merchant plant in region (r).

$Z(r)FLO(u)$  Sum of the existing, built, and expanded capacity in processing unit (u) in region (r) – as defined by row constraint  $Z(r)CAP(u)$ , directly below.

Note: The type of row ( $\leq$ ,  $\geq$ , =) is determined by the entry in column heading TYPE of the policy table (r)POL (located in *setrows.dat* input file) where  $A_{e,r}$ , appears. It may also be a non-constraining row, in which case the row is free. The total processing unit throughput is the base for the policy limits in each region:

$$\mathbf{Z(r)CAP(u)}: Z(r)FLO(u) = K(r)(u)CAP + A \cdot (L(r)(u)BLD + E(r)(u)INV) \quad \text{for all } r, u$$

$L(r)(u)BLD$  Cumulative new capacity built prior to current year, for processing unit (u) in region (r).

$E(r)(u)INV$  New capacity allowed to build in current year, for processing unit (u) in region (r).

$K(r)(u)CAP$  Planned or existing capacity, for processing unit (u) in region (r).

A Annual utilization defined for processing unit (u) in region (r).

### **P(r)CBNTAX**

Calculate taxable carbon emissions.

$$T(r)CBNTAX = 0.001 \cdot \sum_m R(r)FUM(m) \quad \text{for all } r$$

T(r)CBNTAX Total taxable carbon emissions resulting from refinery operations in region (r).  
 R(r)FUM(m) Manufacturing activity level in mode (m) operation of the fuel use module (FUM) in region (r).

### P(r)LOS

Free.

### P(r)OVC

Calculate total variable cost for refinery in region (r).

$$A_{87} \cdot T(r)OVCOBJ = \sum_{uns} \sum_{mod} A \cdot R(r)(uns)(mod)$$

A Various coefficients.  
 A<sub>87</sub> Coefficient to convert from 1987\$ to 2000\$.  
 R(r)(uns)(mod) Production from process (uns) in operating mode (mod) in region (r).  
 T(r)OVCOBJ Merchant plant operating costs in region (r).

### Q(r)(p)(y)

The sum of specs of blend streams must meet overall product quality spec (e.g., RVP, sulfur content, etc.). The sense of a particular constraint sense might be “=”, “≤” or “≥”.

$$Q(r)(mgb)(y): \sum_{ist} B(r)(mgb)(ist) \cdot A_{y,ist}^{mgb} \geq = \leq Q(r)(mgb) \cdot B_y^{mgb} \text{ for all } y, r, mgb = \text{RFG, TRG}$$

$$Q(r)(dfo)(y): \sum_{ist} F(r)(dfo)(ist) \cdot A \geq = \leq Q(r)(dfo) \cdot B \quad \text{for all } y, r, dfo$$

A<sub>y,ist</sub><sup>p</sup> Blend value of stream (ist) for property (y) of product (p).  
 B<sub>y</sub><sup>p</sup> Constraining value of property (y) that product (p) must adhere to (e.g., octane number, RVP) at region (r).  
 B(r)(mgb)(ist) Volume of intermediate stream (ist) blended into gasoline product (mgb) at region (r).  
 F(r)(dfo)(ist) Volume of intermediate stream (ist) blended into distillate product (mgb) at region (r).  
 Q(r)(p) Volume of final product (p = mgb, dfo) made at region (r).

### Q(r)RFGREN

Sum oxygen percentage contribution by renewable oxygenates blended to reformulated gasoline (RFG). The oxygenates from ethanol include ETB, TAE, and THE. Ethanol from splash blending is also included. (Unconstrained in AEO2012.)

$$\sum_{ist} A_{ist} \cdot B(r)RFG(ist) + \sum_{d_r} \sum_{prd=RFG,RFH} A_{prd} \cdot X(d_r)ETH(prd) \geq 0 \quad \text{for all } r$$

$A_{ist}$	Percentage of OXY in stream (ist).
$A_{prd}$	Percentage of OXY in product (prd).
$B(r)RFG(ist)$	Volume of stream (ist=ETB, TAE, THE) blended into RFG in region (r).
$d_r$	Regions (d) close to region (r): $d_C=3, 4$ ; $d_E=2, 5$ ; $d_G=6, 7$ ; $d_M=8$ ; $d_W=9$
$X(d_r)ETH(prd)$	Volume of ethanol splash blended into product (prd = RFG, RFH) in region (r).

### R(r)(ist)

Balance each refinery gas stream (ist) that does *not* go through the Saturated Gas Plant (SGP) in each region:

$$\sum_{uns} \sum_m R(r)(uns)(m) \cdot A_{ist,urm} = \sum_{ist'} R(r)FUM(ist')$$

for all  $r$ , and  $ist' = CC1, CC2, CC3, IC4, NC4, HYL$  where  $u, m$  produce gas streams (ist) *not* sent to SGP.

$A_{ist,urm}$	Volume fraction of intermediate stream (ist) created per unit of manufacturing activity level of operating mode (m) for processing unit (u) at region (r). (ist=CC1, CC2, CC3, HYL, IC4, NC4)
$R(r)(u)(m)$	Manufacturing activity level of operating mode (m) for processing unit (u) in region (r), where (u)(m) produce refinery gas streams (ist) <i>not</i> sent to the SGP.
$R(r)FUM(ist')$	Manufacturing activity level of the fuel usage module (FUM) processing refinery gas stream (ist') in region (r). Note: (ist' = RC1, RC2, RC3, RI4, RN4, RHL) to distinguish (ist') from refinery gas that is processed by the SGP and sent to FUM.

### RFSSAFE

Balance row to ensure an RFS2 credit for biomass is included as a credit for advanced and total RFS accounting. (Excluded if separate RFS2 credit is activated for biomass RFS2.) The minimum RFS2 requirements defined by the Energy Independence and Security Act 2007 (EISA2007).

$$CUSCREDIT = CUSCREDB$$

$CUSCREDIT$	Credit purchased to meet the minimum total RFS2 requirement.
$CUSCREDB$	Credit purchased to meet the minimum biomass RFS2 requirement.

### S\_CL(n)(k)

For each coal supply curve and coal type, the total quantity of coal purchased must be greater than the quantity of coal shipped to the coal supply distribution points (coal supply regions) plus the total non-refinery demand from the same supply curve and coal type.

$$\sum_j CT(n)(j)(k) + CP(n)OTXX \leq \sum_q CP(n)(k)(q) \quad \text{for all } n$$

$CP(n)(k)(q)$	Quantity of coal with characteristics (k) produced from coal supply source (n) at price (q).
$CT(n)(j)(k)$	Quantity of coal with characteristics (k) produced from coal supply source (n) to coal demand region (j).
$CP(n)OTXX$	Quantity of coal from supply source (n) demanded by non-refining sources.

### S(r)(dfo)E

The total volume of each distillate fuel oil blend (dfo = DSL, DSU, JTA, N2H, N6B, N6I) is equal to the sum of the volume of its component streams (ist).

$$Q(r)(dfo) = \sum_{ist} B(r)(dfo)(ist) \quad \text{for all } r$$

$B(r)(dfo)(ist)$	Volume of intermediate stream (ist) blended into spec product (dfo) in region (r).
$dfo$	DSL, DSU, JTA, N2H, N6B, N6I
$ist$	ist = dfo (i.e., for JTA, ist=JTA only)
$Q(r)(dfo)$	Total volume of spec-blended product (dfo) made in region (r).

### S(r)(mgb)E

The total volume of each motor gasoline blend (mgb=TRG, RFG) is equal to the sum of the volume of its component streams (ist).

$$Q(r)(mgb) = \sum_{ist} B(r)(mgb)(ist) \quad \text{for all } r \text{ and } mgb = RFG, TRG$$

$B(r)(mgb)(ist)$	Volume of intermediate stream (ist) blended into product (mgb) in region (r).
$ist$	For TRG, ist=TRG, TRH, SST, SSE; for RFG, ist=RFG, RFH, SSR.
$Q(r)(mgb)$	Total volume of motor gasoline blend (mgb) produced in region (r).

### S(r)(ist)

Balance row for intermediate refinery gas plant stream (ist = CC1, CC2, CC3, HYL, IC4, NC4).

$$R(r)SGP(ist) = \sum_u \sum_m A_{um}^{ist} \cdot R(r)(u)(m) \quad \text{for all } r \text{ and } ist = CC1, CC2, HYL, IC4, NC4$$

### S(r)RFGOXY

Sum oxygen percentage contribution by oxygenates blended to reformulated gasoline. The oxygenates from methanol include MTB, TAM, and THM; the oxygenates from ethanol include ETB, TAE, and THE. Ethanol from splash blending is also included.

$$Z(r)RFGOXY = \sum_{ist} A_{ist} \cdot B(r)RFG(ist) + \sum_{d_r} \sum_{prd=RFG,RFH} A_{prd} \cdot X(d_r)ETH(prd) \quad \text{for all } r$$

$A_{ist}$	Percentage of OXY in stream (ist).
$A_{prd}$	Percentage of OXY in product (prd).
$B(r)RFG(ist)$	Volume of stream (ist=ETB, MTB, TAE, TAM, THE, THM) blended into RFG in (r).
$d_r$	Regions (d) close to region (r): $d_C=3, 4$ ; $d_E=2, 5$ ; $d_G=6, 7$ ; $d_M=8$ ; $d_W=9$
$X(d_r)ETH(prd)$	Volume of ethanol splash blended into product (prd = RFG, RFH) in (r).
$Z(r)RFGOXY$	Total OXY in RFG in (r).

Note: This row is unconstrained for AEO2012. Variable  $Z(r)RFGOXY$  appears only in this constraint...

### S02\_CTL1

See (z)CTL(i) listed below.

### S02\_CTL2

See (z)CTL(i) listed below.

### TANGKGTX

Maximum natural gas available for processing to GTL in Alaska:

$$\sum_r \sum_q N(r)NGKN(q) \leq \max$$

Max	Maximum natural gas available for processing to GTL in Alaska.
$N(r)NGKN(q)$	Natural gas supply available in Alaska (r) by price step (q).

### TAOILGTN, TAOILGTX

Minimum (and maximum) flow allowed on Trans-Alaska Pipeline System (TAPS) in Alaska:

$$\begin{aligned} TAGTLTOT + TANSOTOT &\geq \min \\ TAGTLTOT + TANSOTOT &\leq \max \end{aligned}$$

min	Minimum flow on Trans-Alaska pipeline.
max	Maximum flow on Trans-Alaska pipeline.
$TAGTLTOT$	Total GTL transported from Alaska North Slope to Valdez on Trans-Alaska pipeline.
$TANSOTOT$	Total crude of type NSO transported from Alaska North Slope to Valdez on Trans-Alaska pipeline.

### TPC(b)(m)(r)

Calculate the total pipeline shipments to every region (r) via mode (m) from crude oil production regions or other region (b = o + r).

$$VTPC(b)(m)(r) = \sum_v \sum_c Y(b)(v)(c)(m)(r) \quad \text{for all } b=o+r, r, m=\text{pipeline}$$

- $VTPC(b)(m)(r)$  Total volume of crude oil shipped to region (r) via pipeline mode (m) from domestic production region (o) or other region (r). This variable is constrained by an upper bound.
- $Y(b)(v)(c)(m)(r)$  Volume of crude oil type (c) shipped to region (r) via pipeline mode (m) from domestic production region (o) or other region (r) (i.e.,  $b = o + r$ ).

### **TPL(r)(m)(d)**

For each relevant region (r) / region (d) combination, calculate total pipeline shipments of LPG, FLG, and PCF.

$$VTPL(r)(m)(d_r) = \sum_r \sum_{p'} \sum_m W(r)(p')(m)(d_r) \quad \text{for all } r, m=U, d_r$$

- $d_r$   $d_C=2,5,7,8$ ;  $d_E=6$ ;  $d_G=3,4,6$ ;  $d_M=4$ ;  $d_W= \text{nil}$
- $p'$  FLG, LPG, and PCF products which can be shipped from region (r) to region (d) via pipeline mode ( $m=U$ ).
- $W(r)(p')(m)(d)$  Volume of product ( $p'=FLG,LPG,PCF$ ) shipped from region (r) to region (d) via pipeline mode ( $m=U$ ).
- $VTPL(r)(m)(d)$  Total volume of LPG and PCF products ( $p'$ ) shipped via pipeline mode ( $m=U$ ) from region (r) to region (d). Constrained by an upper bound.

### **TPP(r)(m)(d)**

For each relevant region (r) / region (d) combination, calculate total pipeline shipments of light products.

$$VTPP(r)(m)(d) = \sum_r \sum_{p'} \sum_d W(r)(p')(m)(d)$$

for all r (and including regions 5 and 6),  $d, m=T,X,Y,Z$  (pipeline),  $p'$ =light products shipped by pipeline

- $p'$  Light products which can be shipped from region (r) to region (d) via pipeline mode (m).
- $r$  For this constraint, (r) includes regions 5 and 6.
- $VTPP(r)(m)(d)$  Total volume of light products shipped from region (r) to region (d) via pipeline mode (m). Constrained by an upper bound.
- $W(r)(p')(m)(d)$  Volume of light product ( $p'$ ) shipped from region (r) to region (d) via pipeline mode (m).

### **TVC(m)CP (for m=5)**

The total weight of crude oil transported on Jones Act (U.S. flag) marine tankers is equal to the sum of the individual weights transported to each region.

$$TVC5CP: VTVC5CP = \sum_b \sum_v \sum_c \sum_m \sum_r Y(b)(v)(c)(m)(r) \cdot A_c$$



$A_c$	Deadweight tons per Mbbbl of crude oil of type (c).
$Y(b)(v)(c)(m)(r)$	Volume of crude oil type (c) with source code (v) produced in domestic region (b) that is shipped to region (r) via mode (m).
$VTVC5CP$	Total deadweight tons of Jones Act crude oil. Constrained by the total capacity of Jones Act marine tankers.

### TVP(m)CP

The total weight of shipments of refined product (prd) and GTL on Jones Act (U.S. flag) tankers is equal to the sum of the weights of individual products.

$$\mathbf{TVP(m')CP: VTVP(m')CP = \sum_r \sum_{prd} \sum_{m'} \sum_d W(r)(prd)(m')(d) \cdot A_{p'} + \sum_{m'} \sum_d WAGTL(m')(d) \cdot A_{GTL}$$

$A_{p'}$	Deadweight tons per Mbbbl of product $p'$ .
$m'$	Jones Act tankers.
$VTVP(m')CP$	Total weight of shipments of refined product and GTL on Jones Act tankers. Constrained by an upper bound.
$W(r)(p)(m)(d)$	Volume of product (p) shipped from region(r) to region (d) via mode (m).

### U(r)(uuu)

Calculate usage of each utility (uuu=KWH,NGF,STM) at each region (r).

For all r,

$$\mathbf{U(r)KWH: U(r)KWH = \sum_u \sum_m R(r)(u)(m) \cdot A_{urm}^{KWH} + \sum_p Q(r)(p) \cdot A_{pr}^{KWH} + G(r)MOH01 \cdot A_r^{KWH}$$

$$\mathbf{U(r)NGF: U(r)NGF = T(r)NGFN GS + G(r)MOH01 \cdot A_r^{NGF}$$

$$\mathbf{U(r)STM: U(r)STM = \sum_u \sum_m R(r)(u)(m) \cdot A_{urm}^{STM} + \sum_p Q(r)(p) \cdot A_{pr}^{STM} + \sum_p \sum_h X(r)(h)(p) \cdot A_{hr}^{STM}$$

$A_{urm}^{uuu}$	Quantity of utility (uuu) consumed (-) or manufactured (+) per unit of operation of processing unit (u) in mode (m) in region (r). The (u) index includes the utility manufacturing units.
$A_{pr}^{uuu}$	Quantity of utility (uuu) consumed per unit of spec product (p) made in region (r).
$A_{hr}^{uuu}$	Quantity of utility (uuu) consumed per unit of recipe product (h) made in region (r).
$A_r^{uuu}$	Quantity of utility (uuu) consumed per unit of methanol made at the merchant plant in region (r).
$G(r)MOH01$	Volume of methanol made at the merchant plant in region (r).
$Q(r)(p)$	Volume of spec product (p) made in region (r).

$R(r)(u)(m)$	Manufacturing activity level in mode (m) operation in processing unit (u) in region (r).
$U(r)(uuu)$	Quantity of utility (uuu = KWH, NGF, STM) purchased in region (r).
$X(r)(h)(p)$	Volume of product (p) made by recipe blend (h) at region (r).

### **X(d)MAXSPL**

Calculate the total volume of ethanol splash-blended into motor gasoline.

$$X(d)MAXSPL = \sum_{mgb} [X(d)ETA(mgb) + X(d)ETC(mgb) + X(d)ETH(mgb)] \quad \text{for all } d$$

$X(d)MAXSPL$  Volume of ethanol splash-blended into motor gasoline. This variable is constrained by an upper bound.

$X(d)(xxx)(mgb)$  Volume of ethanol type (eth = ETA, ETC, ETH) splash-blended into motor gas blend (mgb = RFG,RFH,TRG,TRH).

### **Z(r)CAP(uns)**

Calculate the total flow through the processing unit (uns=DDS,ETH,ETM,FCC,FUM,KRF,RFL). This value might be subject to an upper bound.

$$Z(r)FLO(uns) = A \cdot E(r)(uns)INV + K(r)(uns)CAP + A \cdot E(r)(uns)BLD \quad \text{for all } r$$

$E(r)(uns)INV$  Stream day capacity added during this simulated period for processing unit type (uns) in region (r).

$K(r)(uns)CAP$  Base processing capacity in processing unit (uns) in region (r).

$L(r)(uns)BLD$  Cumulative stream day capacity added for processing unit (uns) in region (r) during the previous simulated periods. This variable is fixed.

$Z(r)FLO(uns)$  Total flow through processing unit (uns) in region (r). Might be subject to an upper bound.

### **Z@CRDTOT**

The total volume of foreign crude oil used is equal to the sum of crude oil volumes processed in all regions.

$$Z @ TOTCRD = \sum_r \sum_c R(r)ACUF(c) + \sum_r R(r)MARFLL$$

$R(r)ACUF(c)$  Volume of foreign (F) crude oil of type (c) processed through the atmospheric crude unit (ACU) in region (r). Note: F(c) =FHH, FHL, FHV, FLL, FMH.

$R(r)MARFLL$  Crude oil volume distilled in the marginal refinery in region (r).

$Z@TOTCRD$  Total volume of foreign crude processed in all regions (r).

### ZD(mm)(dd)(yy)

The name of this free constraint records the date of the run.

### Z@FLLIMP

Imports of FLL crude oil must exceed a lower limit which is based on historical levels. The lower limit decreases by a specified percentage each year.

$$\sum_r \sum_q P(r)FLLQ(q) \geq \min$$

min Minimum level of FLL crude imports.

$P(r)FLLQ(q)$  Volume of FLL crude imported to region (r) at price level (q).

### Z@IRAC(c) (c=X, N)

The implicit world oil price, WOP (the refiner's acquisition cost of imported crude oil), must be at least some fraction of the premised WOP.

$$\mathbf{Z@IRACN:} \quad \sum_c \sum_r \sum_q P(r)F(c)Q(q) \cdot C(r)(c)(q) \geq WOP \cdot N_{wop} \cdot Z @ TOTCRD$$

$$\mathbf{Z@IRACX:} \quad \sum_c \sum_r \sum_q P(r)F(c)Q(q) \cdot C(c)(r)(q) \leq WOP \cdot X_{wop} \cdot Z @ TOTCRD$$

$C(r)F(c)Q(q)$  Purchase price of one unit of foreign (F) crude oil type (c) purchased at price level (q) in region (r).

$N_{wop}$  Minimum fraction ( $\leq 1.0$ ) of WOP at which refiners can acquire crude oil.

$P(r)F(c)Q(q)$  Volume of foreign (F) crude oil type (c) purchased at price level (q) in region (r).

$WOP$  World oil price.

$X_{wop}$  Maximum fraction ( $\geq 1.0$ ) of WOP at which refiners can acquire crude oil.

$Z@TOTCRD$  Total volume of foreign crude processed in all regions.

These two constraints are set as non-binding in *AEO2012*.

### Z(r)NGFSUM

The total volume of natural gas consumed in each region (r) is equal to the total amount purchased at various price discounts and price increments.

$$U(r)NGF = \sum_{q=1}^4 N(r)NGRFN(q) + \sum_{q=5}^8 N(r)NGRFP(q) \quad \text{for all } r$$

$N(r)NGRFN(q)$  Volume of natural gas purchased at price discount (q) in region (r).

$N(r)NGRFP(q)$  Volume of natural gas purchased at price increment (q) in region (r).

$U(r)NGF$  Total volume of natural gas consumed in region (r).

### Z@WRITER

This free accounting constraint keeps track of the current iteration within the model year.

### Z@WOP

This free accounting constraint keeps track of the world oil price.

### ZZAMHSUM

The total volume of AMH type crude exports from Alaska is equal to the total amount sold at various price discounts and price increments.

$$ZZAMHTOT = \sum_{q=1}^3 NZAMHN(q) + \sum_{q=4}^6 NZAMHP(q)$$

$NZAMHN(q)$  Volume of AMH exports from Alaska at price discount (q).

$NZAMHP(q)$  Volume of AMH exports from Alaska at price increment (q).

$ZZAMHTOT$  Total volume of AMH crude exports from Alaska.

### (z)CTL(i) (z,i = SO2\_1; SO2\_2; HG\_U)

Calculate the total emissions from coal purchased for CTL and non-refinery consumption.

$$SO2\_CTL1: P\_SO2\_1 \geq \sum_n \sum_j \sum_k A_{nj}^{SO2-1} \cdot CT(n)(j)(k)$$

$$SO2\_CTL2: P\_SO2\_2 \geq \sum_n \sum_j \sum_k A_{nj}^{SO2-2} \cdot CT(n)(j)(k)$$

$$HG\_CTL\_U: P\_HG\_US \geq \sum_n \sum_j \sum_k A_{nj}^{HG-US} \cdot CT(n)(j)(k)$$

$A_{nj}^{emu}$  Emissions of type (emu) per unit of coal with characteristics (k) transferred from coal supply source (n) to coal demand region (j).

$CT(n)(j)(k)$  Quantity of coal with characteristics (k) transferred from coal supply source (n) to coal demand region (j).

$P_{(zi)}$  Total emissions of type (zi=SO2\_1, SO2\_2, HG\_US) from coal purchased for CTL and non-refinery consumption.

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Also see citations in Appendix A.



## **APPENDIX D. Model Abstract**

### **D.1 Model Name:**

Petroleum Market Model

### **D.2 Model Acronym:**

PMM

### **D.3 Description:**

The Petroleum Market Model is a simulation of the U.S. petroleum industry. It includes 12 domestic crude oil production regions, five refining centers with full processing representations and capacity expansion capability and gas plant liquid production, and nine marketing regions. The heart of the model is a linear programming optimization which ensures a rational economic simulation of decisions of petroleum sourcing, resource allocation, and the calculation of a marginal price basis for the products. Twenty-three refined products are manufactured, imported, and marketed. Ten of these products are specification-blended, nine are recipe-blended, and four are either unfinished products or by-product.

Capacity limited transportation systems are included to represent existing intra-U.S. crude oil and product shipments (LPG, clean, dirty) via pipeline, marine tanker, barge, and truck/rail tankers. The export and import of crude oil and refined products is also simulated. All imports are purchased in accordance with import supply curves. Domestic manufacture of methanol is represented as though the processing plants are part of a refinery complex. Ethanol and biodiesel sources are treated as merchant plants. Transportation is allowed for ethanol shipments to the demand region terminals for splash blending.

The program is written in Fortran which includes callable subroutines allowing full communication with the LP portion of the model which is in the form of an MPS resident file.

### **D.4 Purpose of the Model:**

The PMM models domestic petroleum refining activities, the marketing of petroleum products to consumption regions, the production of natural gas liquids in gas processing plants, and domestic methanol and MTBE production. The purpose of the PMM is to project petroleum product prices, refining activities, and movements of petroleum across U.S. borders and among domestic regions. In addition, the model contains adequate structure and is sufficiently flexible to examine the

impact of a wide variety of petroleum-related issues and policy options. These capabilities allow for understanding of the petroleum refining and marketing industry as well as determining the effects of certain policies and regulations.

The PMM projects sources of supply for meeting petroleum product demand. The sources of supply include crude oil, both domestic and imported; other inputs including alcohols and ethers; natural gas plant liquids production; petroleum product imports; and refinery processing gain. In addition, the PMM estimates domestic refinery capacity expansion and fuel consumption. Product prices are estimated at the Census Division (CD) level and much of the refining activity information is at the Petroleum Administration for Defense District (PADD) level.

### **D.5 Most Recent Model Update:**

February 2011

### **D.6 Part of Another Model?**

The PMM is a component of the National Energy Modeling System (NEMS)

### **D.7 Model Interfaces:**

The PMM receives information from the International, Natural Gas Transmission and Distribution, Oil and Gas Supply, Renewable Fuels, Electricity Market, Residential, Commercial, Industrial, and Transportation Modules and delivers information to each of the modules listed above plus the Macroeconomic Activity Module.

### **D.8 Official Model Representative:**

William Brown  
Office of Energy Analysis  
Petroleum, Natural Gas, and Biofuels Analysis  
(202) 586-8181

### **D.9 Documentation:**

EIA Model Documentation: Petroleum Market Model of the National Energy Modeling System (NEMS), July 2011. (DOE/EIA-M059(2011)).

### **D.10 Archive Media and Installation Manual**

Archived as part of the NEMS AEO2012 production runs.

## **D.11 Energy System Described:**

Petroleum refining industry and refined products market.

## **D.12 Coverage:**

Geographic: Twelve domestic crude oil production regions (East Coast, Gulf Coast, Mid-Continent, Permian Basin, Rocky Mountain, West Coast, Atlantic Offshore, Gulf Offshore, Pacific Offshore, Alaska South, Alaska North, Alaska Offshore); five refining regions (PADDs I-V); nine market regions, the Census divisions (New England, Middle Atlantic, East North Central, West North Central, South Atlantic, East South Central, West South Central, Mountain, Pacific), four international regions.

Time Unit/Frequency: Annual, 2008 through 2035.

Products: LPG, conventional motor gasoline, conventional high-oxygen motor gasoline, reformulated motor gasoline, reformulated high-oxygen motor gasoline, M85, E85, jet fuel, distillate fuel oil, low-sulfur diesel, ultra-low-sulfur diesel, low-sulfur residual fuel oil, high-sulfur residual fuel oil, petrochemical feedstocks, asphalt/road oil, marketable coke, still gas, "other" petroleum products, ethanol and biodiesel.

Refinery Processes: crude distillation, vacuum distillation, delayed coker, fluid coker, visbreaker, fluid catalytic cracker, thermal cracker, hydrocracker-distillate, hydrocracker-residual fuel, solvent deasphalter, residual fuel desulfurizer, FCC feed hydrofiner, distillate HDS, naphtha hydrotreater, catalytic reformer-450 psi, catalytic reformer-200 psi, alkylation plant, catalytic polymerization, pen/hex isomerization, butane isomerization, etherification, butanes splitter, dimersol, butylene isomerization, total recycle isomerization, naphtha splitter, C2-C5 dehydrogenator, cyclar unit, hydrogen plant, sulfur plant, aromatics recovery plant, lube + wax plants, FCC gasoline splitter, gas/H<sub>2</sub> splitter, stream transfers, fuel system, steam production, power generation, green diesel hydrotreater, biomass pyrolysis, and petroleum coke gasification.

Crude Oil: Alaska low-sulfur light, Alaska mid-sulfur heavy, domestic low-sulfur light, domestic mid-sulfur heavy, domestic high-sulfur light, domestic high-sulfur heavy, domestic high-sulfur very heavy, imported low-sulfur light, imported mid-sulfur heavy, imported high-sulfur light, imported high-sulfur heavy, imported high-sulfur very heavy.

Transportation Modes: Jones Act dirty marine tanker, Jones Act clean marine tanker, LPG marine tanker, import tankers, clean barge, dirty barge, LPG pipeline, clean pipelines, dirty pipelines, rail/truck tankers. These cover all significant U.S. links.

## **D.13 Modeling Features:**

Model Structure: Fortran-callable subroutines which update the linear programming matrix, re-optimize, extract and post-process the solution results, update system variables, and produce reports.

Model Technique: Optimization of linear programming representation of refinery processing and transportation which relates the various economic parameters and structural capabilities with resource constraints to produce the required product at minimum cost, thereby producing the

marginal product prices in a manner that accounts for the major factors applicable in a market economy.

Special Features: Choice of imports or domestic production of products is modeled, capacity expansion is determined endogenously, product prices include fixed and environmental costs, and reformulated gasolines, and low-sulfur and ultra-low-sulfur diesel fuels are explicitly modeled.

## **D.14 Non-DOE Input Sources:**

Information Resources Inc. (IRI), WORLD model data, National Petroleum Council, ICF Resources, Oil and Gas Journal, U.S. EPA gasoline properties survey, Jacobs Consulting Refinery Technology database.

## **D.15 DOE Input Sources:**

Forms:

- EIA-14 Refiners' Monthly Cost Report
- EIA-182 Domestic Crude Oil First Purchase
- EIA-782A Monthly Petroleum Product Sales
- EIA-782B Reseller/Retailer's Monthly Petroleum Product Sales
- EIA-782C Monthly Petroleum Products Sold into States for Consumption
- EIA-759 Monthly Power Plant Report
- EIA-810 Monthly Refinery Report
- EIA-811 Monthly Bulk Terminal Report
- EIA-812 Monthly Product Pipeline Report
- EIA-813 Monthly Crude Oil Report
- EIA-814 Monthly Imports
- EIA-817 Monthly Tanker and Barge Movement
- EIA-820 Annual Refinery Report
- EIA-826 Monthly Electric Utility Sales
- EIA-856 Monthly Foreign Crude Oil Acquisition
- EIA-920 Combined Heat and Power Plant Report (and predecessor forms)
- FERC-423 Monthly Report of Cost and Quality of Fuels for Electric Plants

In addition to the above, information is obtained from several U.S. Energy Information



Administration formal publications: Petroleum Supply Annual, Petroleum Supply Monthly, Petroleum Marketing Annual, Petroleum Marketing Monthly, Fuel Oil and Kerosene Sales, Natural Gas Annual, Natural Gas Monthly, Annual Energy Review, Monthly Energy Review, State Energy Data Report, and State Energy Price and Expenditure Report.

### **D.16 Independent Expert Reviews Conducted:**

Independent reviews of the PMM were conducted by:

A.S. Manne, ASM Consulting Services, July 1992

A.S. Manne, ASM Consulting Services, September 1992

N. Yamaguchi, Trans-Energy Research Associates, Inc., November 1997.

J. Urbanchuk, AUS Consultants, May 1998.

Ray Ory, independent consultant, June 2003

Terry Higgins, International Fuel Quality Center, June 2003

Fred Joutz and Inderjit Kundra, George Washington University and Statistics and Methods Group of EIA, December 2003

Julian Silk, Robert P. Trost, Michael Ye, and Inderjit Kundra, Statistics and Methods Group of EIA, November 2005

Michael Ye, Robert P. Trost, Ramesh Dandekar, and Inderjit Kundra, Statistics and Methods Group of EIA, April 2009

### **D.17 Status of Evaluation Efforts by Sponsor:**

None.



## APPENDIX E. Data Quality

### E.1 Quality of Distribution Cost Data

Costs relating to distributing petroleum products to end-users are incorporated by adding fixed transportation markups to the wholesale prices which include the variable and fixed refinery costs. Transportation markups for petroleum products are estimated as the average annual difference between retail and wholesale prices over the years 1990 through 2008.<sup>E-1</sup> The differences are based on wholesale prices in the producing Census Division and end-use prices (which do not include taxes) in the consuming Census Division. See Appendix F for a discussion of programs and input files used in estimating these markups.

Annual wholesale prices for all petroleum products are aggregated from state-level prices from the EIA-782A. The estimation and reliability of the EIA-782A data is discussed in the Petroleum Marketing Annual 2009

([http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/petroleum\\_marketing\\_annual/pma.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/petroleum_marketing_annual/pma.html)). See Explanatory Notes for inputs and sources.

With the exception of gasoline, non-utility distillate fuel, and jet fuel, sectoral end-user prices through 2008 are aggregated from prices from [State Energy Data 2008: Prices \(SEDP\)](http://www.eia.doe.gov/emeu/states/seds.html) (<http://www.eia.doe.gov/emeu/states/seds.html>). The methodology behind these state-level sectoral prices is discussed in the Technical notes section ([http://www.eia.doe.gov/emeu/states/sep\\_prices/notes/pr\\_petrol.pdf](http://www.eia.doe.gov/emeu/states/sep_prices/notes/pr_petrol.pdf)).

Gasoline, jet fuel, and non-utility distillate prices are estimated as weighted averages using end-user prices from EIA-782A and sectoral consumption from the [State Energy Data 2008: Consumption \(SEDC\)](http://www.eia.doe.gov/emeu/states/seds.html) (<http://www.eia.doe.gov/emeu/states/seds.html>).

Due to a lag in the publication of the SEDP data, end-use price estimates for 2009 & 2010 are calculated using the same data series and methodology described in SEDP. The SEDP methodology uses prices from EIA-782A, FERC-423, EIA-759, and weights them with most recent consumption volumes from SEDC. Refer to SEDC for a discussion of the reliability of consumption data (<http://eia.doe.gov/pub/state.data/pdf/petrol.pdf>, May 2001). Year 2010 is estimated by applying the percent change of national product prices as reported in the September 2010 *Short-Term Energy Outlook (STEO)* to each 2005 sector price.

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<sup>E-1</sup> Transportation markups for kerosene are based on the difference between end-user kerosene prices and wholesale distillate prices.

**Table E1. Sources of Markup Inputs**

Products	Sectors	Data Series Inputs
Distillate	CM, IN, RS	EIA-782A, SEDC
Jet Fuel	TR	EIA-782A, SEDC
Low Sulfur Diesel Fuel	TR	EIA-782A, SEDC
Motor Gasoline	CM, IN, TR	EIA-782A, SEDC
Asphalt and Road Oil	IN	SEDP, EIA-782A, SEDC
Kerosene	CM, IN, RS	SEDP, EIA-782A, SEDC
Liquefied Petroleum Gases	CM, IN, RS, TR	SEDP, EIA-782A, SEDC
Low Sulfur Residual Fuel	CM, IN	SEDP, EIA-782A, SEDC
High Sulfur Residual Fuel	TR	SEDP, EIA-782A, SEDC
Distillate	EU	SEDP, EIA-759, FERC-423
Low Sulfur Residual Fuel	EU	SEDP, EIA-759, FERC-423
High Sulfur Residual Fuel	EU	SEDP, EIA-759, FERC-423

## E.2 Quality of Tax Data

In the PMM, State and Federal taxes are added to the prices of gasoline, distillate fuel, liquefied petroleum gas (LPG), jet fuel, ethanol, and methanol in the transportation sector. State taxes are assumed to keep pace with inflation (held constant in real terms) while Federal taxes are held at current nominal levels (deflated in each forecast year).<sup>E-2</sup> The Federal tax assumption reflects the overall forecast assumption of current laws and legislation. The assumption that State taxes will increase at the rate of inflation reflects an implied need for additional highway revenues as driving increases. An additional 1 percent per gallon of gasoline price is added to the State gasoline taxes to approximate local taxes.

The State taxes are added as Census Division weighted averages which are based on the most recently-available State taxes. State taxes for jet fuel are derived from unpublished data collected by the EIA. State and Federal taxes for gasoline, transportation distillate, and LPG are based on data from the Federal Highway Administration, but are modified to include other known changes to State taxes. The quality of the State-level tax data is unknown but deemed reliable. The local tax estimate of 1 percent per gallon of gasoline price is reasonable given that a comparison of two EIA data series, one including local taxes and one not, revealed a gasoline price difference of 1.6

<sup>E-2</sup> Refer to Stacy MacIntyre, *Motor Fuels Tax Trends and Assumptions*, Issues in Midterm Analysis and Forecasting 1998, DOE/EIA-0607(98), (Washington, D.C., July 1998).

cents per gallon.<sup>E-3</sup> Federal taxes, which were adjusted in January of 2001, are widely published and deemed highly reliable.

See Appendix F for a description of programs and input files used in the calculation of historical taxes and the estimation of taxes used in the price projections.

### **E.3 PMM Critical Variables**

The PMM contains numerous variables and parameters. Some variables have greater impact on model results than others. The following is a list of variables that we believe has a high degree of influence on PMM results. It is provided to help users understand the critical factors affecting the PMM.

World oil price

Product demands

Imported crude supply curves

Imported product supply curves

Domestic crude production

Prices and available supplies of methanol, ethanol, MTBE, and other ethers

Investment cost for capacity expansion

Market shares for gasoline and distillate types

NGL supply volumes

Most of these variables are provided by other models in the NEMS system. Ethanol supply and prices are provided by the Ethanol Supply Model, a sub-module of the PMM, documented in Appendix I. The investment cost and market share data are developed offline and read in to the PMM.

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<sup>E-3</sup> Macro International, Inc., *EIA-888 and EIA-878 Data Comparisons and Performance Measures*, Third Quarter 1997 (Washington, D.C., December 15, 1997).



## APPENDIX F. Estimation Methodologies

### F.1 Refinery Investment Recovery Thresholds

The threshold for expansion investment decisions is represented by the process plant cost function (PCF). The PCF considers actual cash flows associated with the operation of the individual process plants within the refinery, as well as cash flows associated with capital for the construction of new plants. It includes terms for capital-related financial charges (CFC), fixed operating costs (FOC), and other variable operating costs (OVC):

$$PCF = \sum_i ( CFC_i + FOC_i + OVC_i ) \quad (1)$$

Where:

$i$  = Individual process plants that make up the petroleum refinery, such as the atmospheric crude distillation unit, fluid catalytic cracking unit, etc.

However, since the  $OVC_i$  for each processing unit are represented as a separate term in the PMM LP objective function, only the sum of the  $FOC_i$  and  $CFC_i$  is included as the coefficient in the objective function row corresponding to the unit expansion vectors ( $E(r)(uns)INV$  and  $L(r)(uns)BLD$ , respectively) in the PMM. The methodologies used to calculate the capital-related financial charges and the fixed operating costs are presented below.

#### Capital-Related Financial Charges (CFC)

The CFC equation includes an annual capital recovery charge (ACR) minus a depreciation tax credit (DTC):

$$CFC_i = ACR_i - DTC_i \quad (2)$$

A discounted cash flow calculation is generally used to determine the annual capital charge for any given plant investment. The annual capital recovery charge assumes a discount rate equal to the cost of capital (COC), which includes equity (cost of equity, COE) and interest payments on any loans or other debt instruments used as part of capital project financing (cost of debt, COD). The depreciation of capital equipment is used for the purpose of determining the depreciation tax credit (DTC). Both the ACR and DTC are estimated on an after-tax basis.

Since the PMM and other energy forecasting models employ “notional” representations of U.S. petroleum refineries involving aggregation of data for many individual refineries, the cost estimating algorithm has been simplified while still capturing all the factors and costs refiners

must consider when adding a new processing unit. The methodology draws upon the National Petroleum Council (NPC) study<sup>F-1</sup> and other sources.<sup>F-2</sup> Some of the steps for the cost estimate are conducted exogenous to the NEMS (Step 1 below), either by the analyst in preparing the input data or during input data preprocessing, such as the estimate for the inside battery-limit (ISBL) field cost of the process unit. The individual steps in the plant capital cost estimation algorithm are:

1. Estimation of the ISBL field cost (done exogenous to NEMS)
2. Estimation of the ISBL field cost for different refinery locations
3. Estimation of the outside battery-limit (OSBL) field cost and the total field cost
4. Estimation of total project cost
5. Estimation of capital-related financial charges
6. Convert capital-related charges to a “per-day,” “per-capacity” basis

Step 1 may involve several adjustments which must be made prior to input into the PMM. The remaining steps are performed within the PMM.

### **Step 1 - Estimation of ISBL Field Cost**

The inside battery limits (ISBL) field costs include the direct cost such as major equipment, bulk materials, direct labor costs for installation, construction subcontracts, and indirect costs. The ISBL investment cost and labor costs for most of the processing unit types modeled were initially obtained from a study by Bonner and Moore Associates (BMA),<sup>F-3</sup> and updated annually with revised estimates from EnSys Energy and Systems, Inc. (EnSys). The data for typical unit sizes and stream factors, as well as supplementary investment and labor, were obtained from the World Oil Refining, Logistics, and Distribution (WORLD) model.<sup>F-4</sup> The data used by the PMM currently represent process plants sited at a generic U.S. Gulf Coast (PADD III) location, and are in year 1993 dollars.

### **Step 2 - Year-Dollar and Location Adjustment to ISBL Field Costs**

Before the PMM can utilize the ISBL investment cost data, it must convert the raw information via the following steps:

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<sup>F1</sup> National Petroleum Council, *U.S. Petroleum refining – Meeting Requirements for Cleaner Fuels and Refineries*, Washington, D.C., August 1993.

<sup>F-Error! Main Document Only.</sup> J.H. Gary and G.E. Handwerk, *Petroleum Refining: Technology and Economics*, 4<sup>th</sup> edition (New York: Marcel Dekker, 2001), Chapters 17 and 18.

<sup>F-2</sup> Bonner & Moore Associates, Inc., *A Capital Expansion Methodology Review of the Department of Energy's Petroleum Market Model*, prepared for the United States Department of Energy, Contract No. EI-94-25066 (Houston, TX, July 1994).

<sup>F-3</sup> EnSys Energy & Systems, Inc., *WORLD Reference Manual*, a reference for use by the analyst and management prepared for the United States Department of Energy, Contract No. DE-AC-01-87FE-61299 (Washington, D.C., September 1992).



- a. Adjust the ISBL field costs and labor costs for each processing unit (j) from 1993 dollars, first to the year-dollar (rptyr) reported by NEMS for AEO2008, which is in 2006 dollars, using the Nelson-Farrar refining-industry cost-inflation indices. Then the GDP chain-type price indices provided by the NEMS Macroeconomic Activity Module are used to convert from report-year dollars to 1987 year dollars used internally by NEMS.
- b. Convert the ISBL field costs in 1987 dollars for each processing unit (j) from a PADD III (Gulf Coast) basis (BM\_ISBLj) to costs of the same processing unit for other PADD regions (RISBLj) via location multipliers (INVLOC<sub>l</sub>). The location multipliers represent differences in material costs between the various PADD regions.

$$RISBL_j = BM\_ISBL_j * INVLOC_l / 1000 \quad (3)$$

Where:

$RISBL_j$  = ISBL costs for processing unit j in refining region (PADD) l, in million 1987 dollars (MM 87\$)

$BM\_ISBL_j$  = ISBL costs for processing unit j in PADD III, in thousand 1987 dollars (M 87\$)

$INVLOC_l$  = Location multiplier for refining region l

Location multipliers for refinery construction were developed on a PADD basis using the most recent data available from the U.S. Bureau of Labor Statistics (BLS)<sup>F-5</sup> and EIA.<sup>F-6</sup> The development of these multipliers and assumed values for other factors is described elsewhere.<sup>F-7</sup> The recommended location multipliers for refinery construction are given below:

**Table F1. Location Multipliers for Refinery Construction**

Location	Location Construction Multiplier
PADD I – U.S. East Coast	1.50
PADD II – U.S. Midwest	1.29
PADD III – U.S. Gulf Coast	1.00
PADD IV – U.S. Rocky Mountain	1.40
PADD V – U.S. West Coast	1.48

### Step 3 - Estimation of OSBL Cost and Total Field Cost

The outside battery-limit (OSBL) costs include the cost of cooling water, steam and electric power generation and distribution, fuel oil and fuel gas facilities, water supply, etc. The total field cost

<sup>F-4</sup> Wages Data, U.S. Department of Labor, Bureau of Labor Statistics, available on the web at [www.bls.gov/bls/blswage.htm](http://www.bls.gov/bls/blswage.htm).

<sup>F-5</sup> Refinery Capacity Data, U.S. Department of Energy, U.S. Energy Information Administration, available on the web at [www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/refinery\\_capacity\\_data/refcapacity.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/refinery_capacity_data/refcapacity.html).

<sup>F-6</sup> A General Cost Estimating Methodology for New Petroleum Refinery Process Capacity, Appendix D, prepared for the U.S. Department of Energy, National Energy Technology Laboratory, and U.S. Energy Information Administration by John Marano, Ph.D., September 2004.

(FDC) is the sum of the ISBL and OSBL field costs. The OSBL field cost is estimated as a fraction (OSBLFAC) of the ISBL costs. Thus, the resulting FDC equation is:

$$RFDC_j = (1. + OSBLFAC) * RISBL \quad (MM\ 87\$) \quad (4)$$

A default value of 0.45 is assumed by the PMM for the OSBL cost factor.

#### Step 4 – Estimation of Total Project Cost

The total project investment (TPI) is the sum of the total field cost (Eq. 4) and other one-time costs (OTC):

$$RTPI_j = RFDC_j + ROTC_j \quad (MM87\$) \quad (5)$$

Other one-time costs include the contractor’s cost (such as home office costs), the contractor’s fee and a contractor’s contingency, the owner’s cost (such as pre-startup and startup costs), and the owner’s contingency and working capital (WC). The OTC’s are estimated as a function of total field costs (FDC), using cost factors (OTCFAC). The corresponding equations are presented below.

$$OTCFAC = PCTENV + PCTCNTG + PCTLND + PCTSPECL + PCTWC \quad (6)$$

Where:

$$PCTENV = 0.10 \quad \text{Home, office, contractor fee}$$

$$PCTCNTG = 0.05 \quad \text{Contractor \& owner contingency}$$

$$PCTLND = 0.00 \quad \text{Land (assuming expansion only at existing refinery)}$$

$$PCTSPECL = 0.05 \quad \text{Prepaid royalties, license, start-up costs}$$

$$PCTWC = 0.10 \quad \text{Working capital}$$

thus,

$$OTCFAC = 0.30$$

and

$$ROTC_j = OTCFAC * RFDC_j \quad (MM\ 87\$) \quad (7)$$

The TPI given above represents the total project cost for “overnight construction.” The TPI at project completion and startup will be discussed in Step 4 below.

Closely related to the total project investment are the fixed capital investment (FCI) and total depreciable investment (TDI). The fixed capital investment is equal to the total project investment less working capital. It is used to estimate capital-related fixed operating costs (discussed later). A default value of 0.10 is assumed for the WC factor:

$$WRKCAP = PCTWC * RFDC_j \quad (MM\ 87\$) \quad (8)$$

thus,

$$RFCI_j = RTPI_j - WRKCAP \quad (MM\ 87\$) \quad (9)$$

The total depreciable investment is equal to the total project investment less the cost of land, interest during construction and working capital (as discussed in Step 4 below). For construction at an existing refinery site through expansion, as most likely the case in the United States, the cost of land can be assumed to be zero, and interests during construction are considered implicitly in the calculation of the capital charge factor (Step 4); thus, total depreciable investment is assumed to be approximately equal to fixed capital investment:

$$RTDI_j = RFCI_j \quad (MM\ 87\$) \quad (10)$$

### Step 5 - Estimation of Capital-Related Financial Charges

For the purpose of determining the economic viability of expanding refinery processing capacity, capital-related financial charges (CFC), which consist of an annual capital recovery charge (ACR) and a depreciation tax credit (DTC), must be estimated from the total project investment (TPI). The ACR is based on the cost of capital (COC) for the corporation that owns the refinery where the project is located. It is assumed that projects will be financed by both debt and equity and will return the expected interest payments to creditors and the expected dividends to shareholders. Therefore, the after-tax weighted average cost of capital is an appropriate discount rate for evaluating investment opportunities.

#### Cost of Capital

The cost of capital (COC) is the weighted average of the cost of equity (COE) and cost of debt (COD). The COE represents an implied opportunity of financial return to the corporation's stockholders in the form of dividend payments and stock price appreciation. The COD is the after-tax interest rate, which a company would pay for new, long-term borrowing. In general, the required rate of return for equity investors is much higher than the required rate of return for debt investors (creditors) since the holder of common stock (equity investors) accepts all the risks involved in business ownership. The COC is related to COE and COD as follows:

$$COC = X_{eq} \times COE + X_{debt} \times COD(at) \quad (11)$$

and

$$COD(at) = (1 - T_{eff,I}) \times COD(bt) \quad (12)$$

Where:

$X_{eq}$ ,  $X_{debt}$  = Fractions of equity and debt financing, respectively ( $X_{debt} = 1 - X_{eq}$ )

$T_{eff,I}$  = Effective corporate income tax rate; "I" is for refining region index where all state taxes in that region are averaged to represent a single value

*at, bt* = Indices for after- and before-taxes, respectively

Based on a review of annual financial reports of refining companies or their parent companies, the relative fraction of equity and debt used in the model is set to the capacity-weighted average determined for 2002 ( $x_{eq} = 0.60$  and  $x_{debt} = 0.40$ ).

Also,  $T_{eff}$  is related to the federal tax rate  $T_{fed}$  (FTAXRAT in the PMM) and state tax rate  $T_{state}$  (STAXRAT in the PMM, which is location dependent) as follows:

$$\begin{aligned} T_{eff,l} &= T_{state,l} + T_{fed} \times (1 - T_{state,l}) \\ &= T_{fed} + T_{state,l} - T_{fed} \times T_{state,l} \end{aligned} \quad (13)$$

Average state and federal income tax rates were developed on a PADD basis using the most recent tax information available as of Jan. 1, 2004.<sup>F-8</sup> PADD averages were weighted based on the crude oil processing capacity within the states making up each PADD. The resulting state and federal tax rates used in the model are:

**Table F2. State and Federal Corporate Income Tax Rates**

Location	State	Federal
PADD I – U.S. East Coast	9.32%	35%
PADD II – U.S. Midwest	7.38%	35%
PADD III – U.S. Gulf Coast	3.32%	35%
PADD IV – U.S. Rocky Mountain	4.21%	35%
PADD V – U.S. West Coast	6.76%	35%

The pre-tax cost of debt (COD(bt)) will vary based on the proportions of short-term loans and bonds. A Baa average corporate bond rate (MC\_RMCORPBAA from the NEMS Macroeconomic Activity Model) is used for COD(bt).

The expected opportunity cost, or cost of equity (COE), for stockholders should be comparable to what could be realized from alternative investments of similar risk. The Capital Asset Pricing Model (CAPM) is used to compute a cost of equity,<sup>F-9</sup> which is an implied investor's opportunity cost or the required rate of return of any risky investment. The model is:

$$COE = RFR + \beta \times EMRP \quad (14)$$

<sup>F-8</sup> State Corporate Income Tax Rates, available on the web at: [www.taxfoundation.org/corporateincometaxrates.html](http://www.taxfoundation.org/corporateincometaxrates.html), and at [www.taxadmin.org/fta/rate/corp\\_inc.html](http://www.taxadmin.org/fta/rate/corp_inc.html).

<sup>F-9</sup> The **capital asset pricing model** (CAPM) was introduced by Treynor (1961), Sharpe (1964) and Lintner (1965). It extended **portfolio theory** to introduce the notions of systematic and specific risk. More description of the model can be found at: [http://www.riskglossary.com/articles/capital\\_asset\\_pricing\\_model.htm](http://www.riskglossary.com/articles/capital_asset_pricing_model.htm)

The model requires three variables be specified: RFR, a “risk-free” rate; EMRP, an expected market risk premium; and  $\beta$ , a systematic risk coefficient relative to the stock market (referred to as the “equity beta”). In the model, the risk-free rate is based on 10-year Treasury note rates (MC\_RMTCM10Y, provided by the NEMS Macroeconomic Activity Module). The EMRP and  $\beta$  (BEQ, in model) are assumed to be constant. Thus, the EMRP is assumed at 6.75 percent (7% for high risk) based on the expected return on market over the rate of a 10-year Treasury note (risk-free rate); and, the  $\beta$  is set based on the risk level of the processing unit investment (for average risk,  $\beta = 0.8$ ; for high risk,  $\beta = 1.25$ ).

### Annual Capital Recovery

The annual capital recovery (ACR) is the difference between the total project investment (TPI) and the recoverable investment (RCI), all in terms of present value (e.g., at startup). The TPI estimated in Step 3 is for overnight construction (ONC). In reality, the TPI is spread out through the construction period. Land costs (LC) will occur as a lump-sum payment at the beginning of the project, construction expenses ( $TPI - WC - LC = FCI - LC$ ) will be distributed during construction, and working capital (WC) expenses will occur as a lump-sum payment at startup. Thus, the TPI at startup (present value) is determined by discounting the construction expenses (assumed as discrete annual disbursements) and adding working capital (WC):

$$TPI(startup) = F_v(COC, N_{con}) \times LC + F_{v,n}(COC, N_{con}) \times (TPI(ONC) - LC - WC) + WC \quad (15)$$

Where:

$F_v$  = Future-value compounding factor for an instantaneous payment made n years before the startup year

$F_{v,n}$  = Future-value compounding factor for discrete uniform payments made at the beginning of each year starting n years before the startup year

The future-value factors are a function of the number of compounding periods (n), and the interest rate (r) assumed for compounding. In this case, (n) equals the construction time in years before startup (Ncon years), and the compounding rate used is the cost of capital (COC). The formulae for computing each of the discrete compounding factors are:

$$F_v(COC, N_{con}) = (1 + COC)^{N_{con}} \quad (16)$$

$$F_{v,n}(COC, N_{con}) = \left( \sum_{k=1, N_{con}} (1 + COC)^{**k} \right) / N_{con} \quad (17)$$

The recoverable investment (RCI) includes the value of the land and the working capital (assumed not to depreciate over the life of the project), as well as the salvage value (SV) of the used

equipment:

$$RCI = LC + WC + SV \quad (MM87\$) \quad (18)$$

The present value of RCI is subtracted from the TPI at startup to determine the present value of the project investment (PVI):

$$PVI(startup) = TPI(startup) - P_v(COC, N_{asset}) \times RCI \quad (MM87\$) \quad (19)$$

Where:

$P_v$  = Present-value discounting factor for an instantaneous payment made n years (project life) in the future. The present-value factor is a function of the number of discounting periods (n), and the interest rate (r) used for discounting. In this case, (n) equals the asset's economic life in years  $N_{asset}$ , and the discounting rate is the cost of capital COC:

$$P_v(COC, N_{asset}) = 1. / ((1. + COC)** N_{asset}) \quad (MM87\$) \quad (20)$$

If the cost of land is assumed to be zero, and the salvage value is equal to dismantling costs, then the PVI(startup) can be reduced to:

$$PVI(startup) = F_{v,n}(COC, N_{con}) \times FCI + ( 1 - P_v(COC, N_{asset}) \times WC ) \quad (21)$$

Thus, the annual capital recovery (ACR) is given by:

$$ACR(at) = A_v(COC, N_{asset}) \times PVI(startup) \quad (MM87\$/yr) \quad (22)$$

Where:

$A_v$  = Uniform-value leveling factor for a periodic payment (annuity) made at the end of each year for (n) years in the future, and (at) signifies that the required annual capital recovery is on an after-tax basis. The uniform-value factor is a function of the number of periods (n), and the interest rate (r), where (n) equals the asset's economic life in years  $N_{asset}$ , and the discounting rate is the cost of capital COC, as defined by:

$$A_v(COC, N_{asset}) = (COC * ((1. + COC)** N_{asset})) / (((1. + COC)** N_{asset}) - 1.) \quad (23)$$

A construction period of 2 years and asset life of 20 years are assumed for construction of a new plant within an existing refinery.

### Depreciation Tax Credit & Capital-Related Financial Charges

The depreciation tax credit (DTC) is based on the depreciation schedule for the investment and the total depreciable investment (TDI). The simplest method used for depreciation calculations (and used in the PMM) is the straight-line method, where the total depreciable investment is depreciated by a uniform annual amount over the tax life of the investment. Generic equations representing the present value and the levelized value of the annual depreciation charge are:

$$PVD_{DPM}(startup) = P_{v,DPM}(COC, N_{tax}) \times TDI \quad (MM87\$) \quad (24)$$

$$DTC(at) = A_v(COC, N_{asset}) \times T_{eff} \times PVD_{DPM}(startup) \quad (MM87\$/yr) \quad (25)$$

Where:

$P_{v,DPM}$  = Present-value discounting factor for depreciation, which is a function of the number of discounting periods (n), and the interest rate (r)

$A_v$  = Uniform-value leveling factor

$T_{eff}$  = Effective combined income tax rate

$at$  = Signifies the depreciation tax credit on an after-tax basis

In this case, (n) equals the tax life in years  $N_{tax}$ , and (r) equals the cost of capital COC. The subscript DPM signifies the depreciation method used (i.e., straight-line method). If the tax life  $N_{tax}$  is assumed to be equal to the asset life  $N_{asset}$ , then the leveled depreciation tax credit (DTC) can be represented as follows:

$$DTC(at) = T_{eff} \times TDI / N_{asset} \quad (MM87\$/yr, DPM = SRL, N_{tax} = N_{asset}) \quad (26)$$

Finally, the capital-related financial charges (CFC) are set equal to the ACR less the DTC, after taxes (at) and before taxes (bt):

$$CFC(at) = ACR(at) - DTC(at) \quad (MM87\$/yr) \quad (27)$$

and,

$$CFC(bt) = CFC(at) / (1 - T_{eff}) \quad (MM87\$/yr) \quad (28)$$

### Step 6 - Convert Fixed Operating Costs to a “per-day,” “per-capacity” Basis

The annualized capital-related financial charge is converted to a daily charge, and then converted to a “per-capacity” basis by dividing the result by the operating capacity of the unit being evaluated. The result is a fixed operation cost on a per-barrel basis. It is the after-tax CFC that is included in the process plant cost function (PCF) presented in equation (1) above.

### **Refinery Unit Fixed Operating Costs**

Fixed operating costs (FOC), a component of total product cost, are costs incurred at the plant that do not vary with plant throughput, and any other costs which cannot be controlled at the plant level. These include such items as wages, salaries and benefits; the cost of maintenance, supplies and repairs; laboratory charges; insurance, property taxes and rent; and other refinery overhead. These components can be factored from either the operating labor requirement or the capital cost. The accuracy of this type of estimate should be within  $\pm 50$  percent.

Like capital cost estimations, operating cost estimations involve a number of distinct steps. Some of the steps associated with the FOC estimate are conducted exogenous to NEMS (Step 1 below), either by the analyst in preparing the input data or during input data preprocessing. The individual steps in the plant fixed operating cost estimation algorithm are:

1. Estimation of the annual cost of direct operating labor
2. Year-dollar and location adjustment for operating labor costs (OLC)
3. Estimation of total labor-related operating costs (LRC)
4. Estimation of capital-related operating costs (CRC)
5. Convert fixed operating costs to a “per-barrel” basis

Step 1 involves several adjustments which must be made prior to input into the PMM; steps 1-4 are performed within the PMM.

#### **Step 1 – Estimation of Direct Labor Costs**

Direct labor costs are reported based on a given processing unit size. The operating labor cost data for most of the processing unit types modeled in the PMM were initially obtained from a study by Bonner and Moore Associates (BMA), and updated annually with revised estimates from EnSys. The actual data were obtained from the World Oil Refining, Logistics, and Distribution (WORLD) model.<sup>F-10</sup> The data used by the PMM currently represent process plants sited at a generic U.S. Gulf Coast (PADD III) location, and are in year 1993 dollars.

#### **Step 2 – Year-Dollar and Location Adjustment for Operating Labor Costs**

Before the PMM can utilize the labor cost data, it must convert the raw information via the following steps:

- a. Adjust the labor costs for each processing unit (j) from 1993 dollars, first to the year-dollar (rptyr) reported by NEMS for *AEO2008*, which is in 2006 dollars, using the Nelson-Farrar refining-industry cost-inflation indices. Then the GDP chain-type price indices provided by the

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<sup>F-10</sup> EnSys Energy & Systems, Inc., *WORLD Reference Manual*, a reference for use by the analyst and management prepared for the U.S. Department of Energy, Contract No. DE-AC-01-87FE-61299 (Washington, D.C., September 1992).



NEMS Macroeconomic Activity Model are used to convert from report-year dollars to 1987 dollars used internally by NEMS.

- b. Convert the 1987 operating labor costs for each processing unit (j) from a PADD III (Gulf Coast) basis into regional (other U.S. PADDs) costs using regional (l) location factors. The location multiplier (LABORLOC) represents differences in labor costs between the various locations and includes adjustments for construction labor productivity.

$$RLABOR_{j,i} = BM\_LABOR_j * LABORLOC_i \quad (87\$/calendar\ day) \quad (29)$$

Location multipliers for refinery operating labor were developed on a PADD basis using the most recent data available from the U.S. Bureau of Labor Statistics (BLS)<sup>F-11</sup> and the EIA.<sup>F-12</sup> The recommended location multipliers for refinery construction are given below:

**Table F3. Location Multipliers for Refinery Operating Labor**

Location	Operating Labor Multiplier
PADD I – U.S. East coast	1.11
PADD II – U.S. Midwest	0.98
PADD III – U.S. Gulf Coast	1.00
PADD IV – U.S. Rocky Mountain	1.07
PADD V – U.S. West Coast	1.06

**Step 3 - Estimation of Labor-Related Fixed Operating Costs**

Fixed operating costs related to the cost of labor include the salaries and wages of supervisory and other staffing at the refinery, charges for laboratory services, and payroll benefits and other plant overhead. These labor-related fixed operating costs (LRC) can be factored from the direct operating labor cost (OLC). This relationship is expressed by:

$$LRC = MLRC * OLC \quad (M87\$/yr) \quad (30)$$

Where:

*MLRC* = Aggregate of LRC cost multipliers relating the LRC to the cost of direct operating labor cost (OLC). Default values of 0.55 for supervisory/staff and 0.39 for benefits/overhead are combined in the following set of component equations to produce the aggregate multiplier of 2.15.

$$\begin{aligned}
 FXOC\_STAFF &= 0.55 * OLC && \text{<supervisory/staff>} \\
 FXOC\_OH &= 0.39 * FXOC\_STAFF && \text{<benefits/OH>} \\
 RLABOR &= OLC && \text{<labor>}
 \end{aligned}$$

<sup>F-11</sup> Wages Data, U.S. Department of Labor, Bureau of Labor Statistics, available on the web at [www.bls.gov/bls/blswage.htm](http://www.bls.gov/bls/blswage.htm).

<sup>F-12</sup> Refinery Capacity Data, U.S. Department of Energy, U.S. Energy Information Administration, available on the web at [www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/refinery\\_capacity\\_data/refcapacity.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/refinery_capacity_data/refcapacity.html).

$$\begin{aligned}
LRC &= FXOC\_STAFF + FXOC\_OH + RLABOR \\
&= (0.55*OLC) + 0.39*(0.55*OLC) + OLC \\
&= 2.15 * OLC \qquad \qquad \qquad (M87\$/yr) \qquad \qquad (31)
\end{aligned}$$

**Step 4 - Estimation of Capital-Related Fixed Operating Costs**

Capital-related fixed operating costs (CRC) include insurance, local taxes, maintenance, supplies, non-labor related plant overhead, and environmental operating costs. These costs can be factored from the fixed capital investment (FCI). This relationship is expressed by:

$$CRC = MCRC * FCI \qquad \qquad \qquad (MM87\$/yr) \qquad \qquad (32)$$

Where:

$$MCRC = \text{Sum of CRC cost multipliers}$$

The multipliers used in the PMM are defined in the table below:

**Table F4. Capital-Related Fixed Operating Cost Multipliers**

Yearly Insurance	0.005
Local Tax Rate	0.01
Yearly Maintenance	0.03
Yearly Supplies; Overhead, Etc.	0.005

**Step 5 - Convert Fixed Operating Costs to a “per-capacity” Basis**

On a “per-capacity” basis, the FOC is the sum of capital-related operating costs and labor-related operating costs, divided by the operating capacity of the unit being evaluated.

**Deviations from the PCF Calculations**

There are a few instances where part or all of the PCF procedures were altered. These are listed below.

Because of the unproven new technology, the S-Zorb distillate unit (PSZ) in the PMM is modeled with a higher set of risk factors associated with the cost of equity, and is required to be financed at 100% equity. The COE factors impacted are the expected market risk premium (EMRP=0.075 vs. 0.0675) and the equity beta coefficient ( $\beta=1.8$  vs. 0.8).

$$COE = RFR + \beta \times EMRP \qquad \qquad \qquad (\text{from equation 14 above})$$

Because of the unique processing characteristics for non-petroleum liquid fuels production (CTL, BTL, CBTL, and pyrolysis oil), numerous cost factors were set differently, as defined below (from the input file rfinvest.txt):

! except OSBL, all as percent of Total Field Cost (FDC)

BLDYRS = 4 ! Construction years

PRJLIFE = 15 ! Project life

OSBLFAC	= 0.00	! ratio OSBL/ISBL
PCTENV	= 10.0 %	! Home Office +Contractor's fee
PCTCNTG	= 10.0 %	! Contractor's +Owners Contingency
PCTLND	= 4.0 %	! Land
PCTSPECL	= 5.0 %	! Prepaid Royalties &License +Start-up costs
PCTWC	= 10.0 %	! Working Capital
STAFF_LCFAC	= 55.0 %	! Supervisory & other Staffing (% of Op Labor)
OH_LCFAC	= 39.0 %	! Benefits and other OH (% of Op Labor + Staffing)
INVLOC	= 1.16, 1.00, 1.00, 1.08, 1.15	! Location factor by PADD

To represent cost improvements over time (due to learning), a decline rate of 0.5% (CTL\_DCLCAPCST) is applied to the original CTL and CBTL capital costs after builds begin. However, once the capacity builds exceed 200,000 bbl/cd, a supplemental algorithm is applied to increase CTL costs in response to impending resource depletions. A separate term representing co-generated electricity transmission costs is also included. More details on CTL cost assumptions are presented in section F.18.

A cost factor has been established for the ultra low sulfur diesel production units (HD1, HD2, HS2) to represent the cost difference between new and revamped units. The assumption is that unit additions will be 2/3 revamp (50% cost) and 1/3 new (100% cost) units. This results in a cost factor of 2/3, at 100% cost. This cost factor (DSU\_CSTFAC, defined in the input file rfinvest.txt) is applied to the total PCF defined in equation 1 above (with OVC accounted for separately).

$$PCF = \sum_i (CFC_i + FOC_i) \quad (\text{from equation 1 above})$$

## F.2 Gas Plant Models

The gas plant model for each PADD is recorded on a spreadsheet (rfngpl.xml) maintained within EIA by the Oil and Gas Division. The gas plant model estimates the production of each natural gas liquid (ethane, propane, iso-butane, normal butane, and natural gasoline) based on the production of dry natural gas (methane). In actual practice, natural gas liquids (NGL) are extracted from wet natural gas processed at gas plants; however, the OGSM module of NEMS provides dry (marketable) gas production volumes rather than wet gas production volumes.

Table F5, which is based on rfngpl.xml, shows (1) the ratio of NGL production to dry gas production (net of Lease & Plant consumption), (2) NGL component fractions, and (3) the PADD region mapping for each of 63 OGSM natural gas production districts. The ratio of NGL production to total dry gas production was calculated by averaging actual NGL extraction volumes for recent years through 2009.<sup>F-13</sup> NGL component percentages (% ethane, propane, etc.) for each OGSM district were estimated from assay data for various gas reservoirs (Nehring Associates, www.nehringdatabase.com). The basic model structure for the gas plant was originally devised

<sup>F-13</sup> U.S. Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA, and similarly, the *Natural Gas Annual*.

from the Pace Consultants annual petrochemical report,<sup>F-14</sup> but has been extensively modified over the years.

**Table F5. Gas Plant Model Liquid Component Yields**

OGSM District	PADD	DGP2NGL			NGL2FRAC				
		(bbl NGL for each MCF dry gas)			(% breakdown of each bbl of total NGL)				
		Conventional	Tight	Shale	PGS	CC3	NC4	IC4	NAT
1. Alabama	3	0.05471693	0.05471693	0.06000000	48.17	24.22	10.75	6.21	10.64
2. Alaska	5	0.03803460	0.03803460	0.06000000	58.00	26.27	4.96	7.76	3.00
3. Arizona	5	0.00000000	0.00000000	0.06000000	0.00	0.00	0.00	0.00	0.00
4. Arkansas	3	0.00000000	0.00000000	0.02500000	71.43	12.42	7.42	4.29	4.44
5. California	5	0.03867640	0.03867640	0.01911905	78.18	12.18	2.28	3.56	3.80
6. Colorado	4	0.04203327	0.04203327	0.04428571	63.69	19.74	5.80	2.63	8.14
7. New England	1	0.00000000	0.00000000	0.00000000	1.42	46.78	17.57	10.07	24.16
8. Delaware	1	0.00000000	0.00000000	0.00000000	1.42	46.78	17.57	10.07	24.16
9. Washington DC	1	0.00000000	0.00000000	0.00000000	1.42	46.78	17.57	10.07	24.16
10. Florida	1	0.00000000	0.00000000	0.00000000	47.36	23.71	14.17	2.36	12.40
11. Georgia	1	0.00000000	0.00000000	0.00000000	48.17	24.22	10.75	6.21	10.64
12. Idaho	4	0.00000000	0.00000000	0.00000000	73.82	11.51	5.63	2.55	6.49
13. Illinois	2	0.00000000	0.00000000	0.00000000	48.17	24.22	10.75	6.21	10.64
14. Indiana	2	0.00000000	0.00000000	0.00000000	48.17	24.22	10.75	6.21	10.64
15. Iowa	2	0.00000000	0.00000000	0.00000000	48.17	24.22	10.75	6.21	10.64
16. Kansas	2	0.05653162	0.05653162	0.03000000	49.69	30.05	7.68	5.29	7.29
17. Kentucky	2	0.07420178	0.07420178	0.04071429	47.66	29.21	7.24	7.58	8.32
18. Louisiana	3	0.01953323	0.01953323	0.05952381	46.11	19.00	7.91	4.57	22.41
19. Maryland	1	0.00000000	0.00000000	0.00000000	0.00	0.00	0.00	0.00	0.00
20. Michigan	2	0.00893174	0.00893174	0.02142857	54.46	18.71	12.92	1.58	12.33
21. Minnesota	2	0.00000000	0.00000000	0.00000000	54.46	18.71	12.92	1.58	12.33
22. Mississippi	3	0.00297748	0.00297748	0.06000000	45.74	14.97	10.23	5.91	23.15
23. Missouri	2	0.05000000	0.05000000	0.50000000	0.00	0.00	0.00	0.00	0.00
24. Montana	4	0.01184449	0.01184449	0.06000000	73.82	11.51	5.63	2.55	6.49
25. Nebraska	2	0.00000000	0.00000000	0.00595238	30.97	29.55	11.88	8.18	19.43
26. Nevada	5	0.05000000	0.05000000	0.06000000	78.18	12.18	2.28	3.56	3.80
27. New Jersey	1	0.05000000	0.05000000	0.06000000	1.42	46.78	17.57	10.07	24.16
28. New Mexico East	3	0.06964737	0.06964737	0.08333333	65.78	15.61	5.37	3.13	10.11
29. New Mexico West	3	0.05324596	0.05324596	0.04690476	62.40	20.44	6.29	3.67	7.21
30. New York	1	0.00000000	0.00000000	0.02380952	0.00	0.00	0.00	0.00	0.00
31. North Carolina	1	0.00000000	0.00000000	0.00000000	48.17	24.22	10.75	6.21	10.64
32. North Dakota	2	0.10246577	0.10246577	0.12333333	49.63	25.22	12.88	1.57	10.70
33. Ohio	2	0.00000000	0.00000000	0.03833333	0.00	0.00	0.00	0.00	0.00
34. Oklahoma	2	0.04247731	0.04247731	0.05000000	50.13	26.39	7.97	5.49	10.02
35. Oregon	5	0.00000000	0.00000000	0.06000000	0.00	0.00	0.00	0.00	0.00
36. Pennsylvania	1	0.00413000	0.00413000	0.05047619	1.42	46.78	17.57	10.07	24.16
37. South Carolina	1	0.00000000	0.00000000	0.00000000	48.17	24.22	10.75	6.21	10.64
38. South Dakota	2	0.00000000	0.00000000	0.00000000	0.00	0.00	0.00	0.00	0.00

<sup>F-14</sup> Pace Petrochemical Service, *Annual Issue*, (Houston, TX, September 1989).

39. Tennessee	2	0.00000000	0.00000000	0.00000000	48.17	24.22	10.75	6.21	10.64
40. Texas RRC 1	3	0.03124519	0.03124519	0.05476190	53.72	25.58	8.23	4.72	7.76
41. Texas RRC 2	3	0.03496825	0.03496825	0.05476190	69.74	14.28	4.87	2.79	8.32
42. Texas RRC 3	3	0.04568325	0.04568325	0.07142857	58.10	22.38	7.75	4.45	7.32
43. Texas RRC 4	3	0.02844614	0.02844614	0.06000000	54.19	18.90	8.25	4.73	13.93
44. Texas RRC 5	3	0.00590382	0.00590382	0.08333333	66.05	16.35	5.43	3.11	9.06
45. Texas RRC 6	3	0.03128439	0.03128439	0.05952381	55.50	16.79	8.67	4.97	14.07
46. Texas RRC 7B	3	0.10491734	0.10491734	0.06000000	54.49	25.10	7.94	4.55	7.91
47. Texas RRC 7C	3	0.10809183	0.10809183	0.06000000	53.64	25.93	7.56	4.34	8.52
48. Texas RRC 8	3	0.09109493	0.09109493	0.06000000	57.74	22.37	6.92	3.97	9.00
49. Texas RRC 8A	3	0.18036945	0.18036945	0.06000000	76.86	13.26	1.12	0.64	8.11
50. Texas RRC 9	3	0.04632046	0.04632046	0.06500000	71.87	13.27	2.87	1.65	10.34
51. Texas RRC 10	3	0.07743757	0.07743757	0.06000000	67.48	18.03	5.19	2.98	6.32
52. Utah	4	0.01149706	0.01149706	0.06000000	53.10	22.52	8.69	3.93	11.76
53. Virginia	1	0.00000000	0.00000000	0.00000000	0.00	0.00	0.00	0.00	0.00
54. Washington	5	0.00000000	0.00000000	0.00000000	73.82	11.51	5.63	2.55	6.49
55. West Virginia	1	0.02832336	0.02832336	0.02380952	1.42	46.78	17.57	10.07	24.16
56. Wisconsin	2	0.00000000	0.00000000	0.00000000	54.46	18.71	12.92	1.58	12.33
57. Wyoming	4	0.04078524	0.04078524	0.08690476	59.43	19.11	6.72	3.04	11.70
58. GOM Federal Offshore	3	0.02114890	0.02114890	0.03212500	59.02	18.51	4.14	7.46	10.87
59. GOM State Offshore	3	0.04307970	0.04307970	0.03212500	61.16	14.33	3.78	8.10	12.63
60. Pacific Federal Offshore	5	0.02702700	0.02702700	0.03212500	48.50	21.00	5.10	7.98	17.42
61. Pacific State Offshore	5	0.02702700	0.02702700	0.03212500	48.50	21.00	5.10	7.98	17.42
62. Atlantic Federal Offshore	1	0.03212500	0.03212500	0.03212500	59.02	18.51	4.14	7.46	10.87
63. Atlantic State Offshore	1	0.03212500	0.03212500	0.03212500	59.02	18.51	4.14	7.46	10.87

OGSM District	DGP2NGL (bbl NGL for each MCF dry gas)	NGL2FRAC (% breakdown of each bbl of total NGL)					PADD
		PGS	CC3	NC4	IC4	NAT	
1. Alabama	0.00816450	48.17	24.22	10.75	6.21	10.64	3
2. Alaska	0.04088719	58.00	26.27	4.96	7.76	3.00	5
3. Arizona	0.00000000	0.00	0.00	0.00	0.00	0.00	5
4. Arkansas	0.00095982	71.43	12.42	7.42	4.29	4.44	3
5. California	0.04157713	78.18	12.18	2.28	3.56	3.80	5
6. Colorado	0.02466958	63.69	19.74	5.80	2.63	8.14	4
7. New England	0.00000000	0.00	0.00	0.00	0.00	0.00	1
8. Delaware	0.00000000	0.00	0.00	0.00	0.00	0.00	1
9. Washington DC	0.00000000	0.00	0.00	0.00	0.00	0.00	1
10. Florida	0.00000000	47.36	23.71	14.17	2.36	12.40	1
11. Georgia	0.00000000	0.00	0.00	0.00	0.00	0.00	1
12. Idaho	0.00000000	0.00	0.00	0.00	0.00	0.00	4
13. Illinois	0.00000000	0.00	0.00	0.00	0.00	0.00	2
14. Indiana	0.00000000	0.00	0.00	0.00	0.00	0.00	2
15. Iowa	0.00000000	0.00	0.00	0.00	0.00	0.00	2

16. Kansas	0.05741776	49.69	30.05	7.68	5.29	7.29		2
17. Kentucky	0.04175991	47.66	29.21	7.24	7.58	8.32		2
18. Louisiana	0.02190628	46.11	19.00	7.91	4.57	22.41		3
19. Maryland	0.00000000	0.00	0.00	0.00	0.00	0.00		1
20. Michigan	0.01504030	54.46	18.71	12.92	1.58	12.33		2
21. Minnesota	0.00000000	0.00	0.00	0.00	0.00	0.00		2
22. Mississippi	0.00320079	45.74	14.97	10.23	5.91	23.15		3
23. Missouri	0.00000000	0.00	0.00	0.00	0.00	0.00		2
24. Montana	0.00961614	73.82	11.51	5.63	2.55	6.49		4
25. Nebraska	0.00000000	30.97	29.55	11.88	8.18	19.43		2
26. Nevada	0.00000000	0.00	0.00	0.00	0.00	0.00		5
27. New Jersey	0.00000000	0.00	0.00	0.00	0.00	0.00		1
28. New Mexico East	0.07487092	65.78	15.61	5.37	3.13	10.11		3
29. New Mexico West	0.04135875	62.40	20.44	6.29	3.67	7.21		3
30. New York	0.00000000	0.00	0.00	0.00	0.00	0.00		1
31. North Carolina	0.00000000	0.00	0.00	0.00	0.00	0.00		1
32. North Dakota	0.11015070	49.63	25.22	12.88	1.57	10.70		2
33. Ohio	0.00000000	0.00	0.00	0.00	0.00	0.00		2
34. Oklahoma	0.04423783	50.13	26.39	7.97	5.49	10.02		2
35. Oregon	0.00000000	0.00	0.00	0.00	0.00	0.00		5
36. Pennsylvania	0.00443975	1.42	46.78	17.57	10.07	24.16		1
37. South Carolina	0.00000000	0.00	0.00	0.00	0.00	0.00		1
38. South Dakota	0.00000000	0.00	0.00	0.00	0.00	0.00		2
39. Tennessee	0.00000000	0.00	0.00	0.00	0.00	0.00		2
40. Texas RRC 1	0.03358858	53.72	25.58	8.23	4.72	7.76		3
41. Texas RRC 2	0.03759087	69.74	14.28	4.87	2.79	8.32		3
42. Texas RRC 3	0.04910950	58.10	22.38	7.75	4.45	7.32		3
43. Texas RRC 4	0.03057960	54.19	18.90	8.25	4.73	13.93		3
44. Texas RRC 5	0.00625058	66.05	16.35	5.43	3.11	9.06		3
45. Texas RRC 6	0.03363072	55.50	16.79	8.67	4.97	14.07		3
46. Texas RRC 7B	0.11278614	54.49	25.10	7.94	4.55	7.91		3
47. Texas RRC 7C	0.08688401	53.64	25.93	7.56	4.34	8.52		3
48. Texas RRC 8	0.09792705	57.74	22.37	6.92	3.97	9.00		3
49. Texas RRC 8A	0.19389716	76.86	13.26	1.12	0.64	8.11		3
50. Texas RRC 9	0.06890271	71.87	13.27	2.87	1.65	10.34		3
51. Texas RRC 10	0.08324538	67.48	18.03	5.19	2.98	6.32		3
52. Utah	0.00922917	53.10	22.52	8.69	3.93	11.76		4
53. Virginia	0.00000000	0.00	0.00	0.00	0.00	0.00		1
54. Washington	0.00000000	0.00	0.00	0.00	0.00	0.00		5
55. West Virginia	0.02822133	1.42	46.78	17.57	10.07	24.16		1
56. Wisconsin	0.00000000	0.00	0.00	0.00	0.00	0.00		2
57. Wyoming	0.03507254	59.43	19.11	6.72	3.04	11.70		4
58. Gulf of Mexico Federal Offshore	0.02273507	59.02	18.51	4.14	7.46	10.87		3
59. Gulf of Mexico State Offshore	0.04631068	61.16	14.33	3.78	8.10	12.63		3
60. Pacific Federal Offshore	0.02905403	48.50	21.00	5.10	7.98	17.42		5
61. Pacific State Offshore	0.02905403	48.50	21.00	5.10	7.98	17.42		5
62. Atlantic Federal Offshore	0.03453438	59.02	18.51	4.14	7.46	10.87		1

<b>63. Atlantic State Offshore</b>	0.03453438	59.02	18.51	4.14	7.46	10.87		1
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\*Includes Lease Condensate

The PMM uses California gas processing plants as a proxy for PADD V. Although Alaska produces and processes a considerable volume of natural gas, it is nearly all re-injected, with some NGL dumped into the crude pipeline, with the exception of modest volumes of southern Alaska production (provided by OGSM using the NEMS variable OGNGLAK). The southern Alaska production has a local NGL market with much of the dry gas shipped to Japan as LNG. In any case, the PADD V refinery industry is virtually unaffected by Alaska NGL production, and California serves as a proxy for the district. Thus, the PMM aggregate gas plant for PADD V includes California only.

The marketed dry gas data is passed from the OGSM to the PMM via a NEMS common block, as described below:

Common block: OGSMOUT  
Variable matrix: OGDNGPRD(I, J, YEAR), BCF  
Description: Total dry gas produced excluding lease and plant fuel (L&P) for OGSM district 'I' of type 'J' (1=conventional, 2=tight, 3=shale, 4=coalbed methane) in year 'YEAR'

The dry gas volume in each OGSM district is multiplied by a factor (DGP2NGL) to obtain a district-level estimate of total NGL production. This estimated volume is then multiplied by percentage factors (NGL2FRAC) to estimate the production of each particular NGL (ethane, propane, butane, natural gasoline). Lastly, the production volume estimates are aggregated to the PADD level.

A portion of the ethane available for extraction from the wet gas stream can be rejected (allowed to remain in the dry gas stream). A processing credit for each barrel rejected is linked in the objective function row. For *AEO2012*, ethane rejection in each PADD [G(r)SC2CC1] is limited to 15 percent (based on historical averages) of the total ethane available for extraction. Additionally, at most 25 percent of the total ethane available for extraction from the wet gas can be transferred to the LPG stream.

### F.3 Chemical Industry Demand for Methanol

The PMM incorporates methanol plant models in each PADD representing all operating methanol capacity in the U.S. Given the diverse and competing uses for methanol in both the refining and petrochemical industries, U.S. chemical industry demand (demand other than for MTBE/TAME

feedstock and neat fuel) is a required input to gauge market supply pressures. The chemical industry demand requirement (Tables DEMMET and PRDDMDME) is entered in files demand.dat and rfctrl.txt, respectively. Chemical Market Associates, Inc. (CMAI) makes long-range forecasts of demand for methanol<sup>F-15</sup> by the chemical industry. This forecast is outlined in Table F7.

**Table F7. Chemical Industry Demand for Methanol**

Year	Demand (Mbbbl/d)	Year	Demand (Mbbbl/d)
1990	77.7	2011	140.7
1991	73.1	2012	143.7
1992	80.0	2013	146.3
1993	83.9	2014	149.1
1994	87.7	2015	151.9
1995	90.2	2016	155.7
1996	94.6	2017	158.9
1997	100.2	2018	162.4
1998	108.8	2019	165.7
1999	111.0	2020	169.4
2000	118.3	2021	173.0
2001	110.6	2022	176.9
2002	112.7	2023	180.7
2003	114.1	2024	184.9
2004	117.3	2025	189.0
2005	120.8	2026	193.3
2006	124.1	2027	197.8
2007	127.7	2028	202.3
2008	131.2	2029	207.0
2009	134.4	2030	211.8
2010	137.3		

The methanol plant model in each PADD is represented by a single column activity that consumes natural gas and produces methanol. Two additional transportation activities allow the methanol

<sup>F-15</sup> CMAI, (Houston, TX), United States Methanol Chemicals Demand, (January 2004), updated July 2005.



produced to be sent to meet the national demand for methanol by chemical plants, and transported to the refining region. At the refining region, methanol can be used to produce MTBE/TAME, splash blended into M85, or used to produce biodiesel. Also, methanol can be imported into the refining regions. Given the phase-out of MTBE as a gasoline blending component, methanol has become a less-sensitive refinery driver component within the PMM modeling structure.

Methanol plant capacity (Table MOHCAP) is updated periodically for the five PADDs in file nrfplant.dat using Chemical Market Reporter and other industry trade references for establishing current operating capacity. The model allows capacity expansion of methanol plants, if ever needed. However, from a practical standpoint, an abundance of mothballed plants would likely be reopened rather than implementing new construction, since nearly half U.S. methanol production capacity has been closed down since the late 1990s. In mid-2005, 75 percent of methanol production capacity was shut down, and that figure was estimated to increase to 80 percent by the end of the year.

#### **F.4 Estimation of Distribution Costs**

Costs related to distributing petroleum products to end-users are incorporated by adding fixed transportation markups to the wholesale prices which include the variable and fixed refinery costs. Transportation markups for petroleum products except gasoline are estimated as the average annual difference between retail and wholesale prices.

Historically, these values were obtained by transforming a variety of different data sources into files that could be read and manipulated by mainframe SAS. EIA is transitioning away from mainframe data storage to storing and manipulating data within Oracle and MS SQL Server repositories via the Refinery Markups Database (RMD). When direct connections are available, the RMD uses connections to these servers to automatically retrieve data that are necessary to compute sector markups and generate input flat files. When direct connections are not available (as is the case with State price and consumption data), routines have been coded so that data for a specifically designed input format can be efficiently shared in NEMS.

Sector level prices provided by EIA typically lag behind current average prices to all sectors by more than two years. The RMD uses various calculations to compute suitable proxies for Sector level prices during this time. Computer programs and data files used to estimate transportation markups are discussed below.

## Data-Reading Programs

Database: RefineryMarkups.mdb

### Input Files:

1. pr\_pet\_all\_price.csv: This is imported from a file generated by CSEDS, at the direction of EMEU staff. It contains retail prices in comma-delimited format.
2. use\_pet\_all\_btu.csv: This is imported from a file generated by CSEDS, at the direction of EMEU staff. It contains petroleum volumes in comma-delimited format.
3. taxfile.csv: This file is manually developed. It contains petroleum tax information, listed by State, in comma-delimited format. It includes dollar amounts and percentages, where applicable.
4. OGIRS\_data: This includes the wholesale price data that are imported from OGIRS; data are imported via a direct read-only connection to OGIRS.

From the Data Import dialog box, you may select the desired file to import from a drop-down list. Each file to be imported must be copied to the same directory in which the RefineryMarkup.MDB file resides. Select the desired option and click the Import Data button. Data import is then performed and the various forms and tables within the MSAccess database are automatically updated and populated.

### Updating to the current year

The markups database last year is based on the HeatContent\_Year table when the data is imported and created. Also, for missing values to be populated, the IRAC Table needs to have the most current value.

In addition, update the “qRetailPrice\_KSRAF\_N\_2002” query to include the year of the most recent CSEDS retail prices. This will allow the IRAC proxy variable calculations to only calculate for those years after which we already have retail prices for these fuels. This same year needs to be applied to the “qRetailPriceList\_CDBasedPrice\_KSARFN” query for the IRAC calculation (the > [year] criteria) to only occur after the last CSEDS year.

Also, the Federal Tax Table (CSeds\_Fedtax) needs to be manually updated for the most recent year of markup calculations for the markups to be properly calculated. Otherwise the markups will be too high with the absence of the federal tax being subtracted from the retail price.

These files include the following data series from 1960-2008:

ARICB	ARICD	ARICV	AVACB	AVACD
AVACV	DFACB	DFACD	DFACV	DFCCB
DFCCD	DFCCV	DFEUB	DFEUD	DFEUV
DFICD	DFICV	DFISB	DFRCB	DFRCD
DFRCV	FNICB	FNICD	FNICV	FOICB
FOICD	FOICV	FSICB	FSICD	FSICV
JFACB	JFACD	JFACV	JFEUB	JFEUD
JFEUV	KSCCB	KSCCD	KSCCD	KSICB
KSICD	KSICV	KSRCB	KSRCD	KSRCV
LGACB	LGACD	LGACV	LGCCB	LGCCD
LGCCV	LGICD	LGICV	LGISB	LGRCB
LGRCD	LGRCV	LUACB	LUACD	LUACV
LUICB	LUICD	LUICV	MGACB	MGACD
MGACV	MGCCB	MGCCD	MGCCV	MGICB
MGICD	MGICV	MSICB	MSICD	MSICV
PCEUB	PCEUD	PCEUV	PCICD	PCICV
PCISB	RFACB	RFACD	RFACV	RFCCB
RFCCD	RFCCV	RFEUB	RFEUD	RFEUV
RFICD	RFICV	RFISB	SNICB	SNICD
SNICV	WXICB	WXICD	WXICV	

The Five letter code corresponds to the following information.

<b>Data Identification Codes</b>	
<b>Characters</b>	<b>Identity</b>
<b>1 and 2</b>	Represent an Energy Source (Fuel)
<b>3 and 4</b>	Represent an Energy Consumption End-Use Sector (Sector)
<b>5</b>	Represent a Type of Data (Type)

<b>Energy Source (Characters 1 and 2)</b>	
<b>Code</b>	<b>Name</b>
AR	Asphalt and road oil
AV	Aviation gasoline
DF	Distillate fuel
FN	Petrochemical feedstocks naphtha less than 401 degrees F
FO	Petrochemical feedstocks other oils equal to or greater than 401 degrees F
JF	Jet fuel
KS	Kerosene
LG	Liquefied petroleum gases
LU	Lubricants
MG	Motor gasoline
MS	Miscellaneous petroleum products
PC	Petroleum coke
RF	Residual fuel
WX	Waxes

<b>Energy End-Use Sectors (Characters 3 and 4)</b>	
<b>Code</b>	<b>Name</b>
AC	Transportation sector estimates
CC	Commercial sector estimates
EI	Electric power sector estimates
EU	Electric utility sector estimates
IC	Industrial sector estimates
RC	Residential sector estimates
TC	Total energy sector estimates

Type of Data (Character 5)	
Code	Name
B	Consumption in Btu. Data are in billion Btu.
D	Current price per Btu. Data are in dollars per million Btu.
P	Consumption in various physical units.
V	Expenditures in current dollars. Data are in millions of dollars.

The other tables should be updated as well: BTU to Barrels (conversion factors), GDP87 (Macroeconomic inflators)

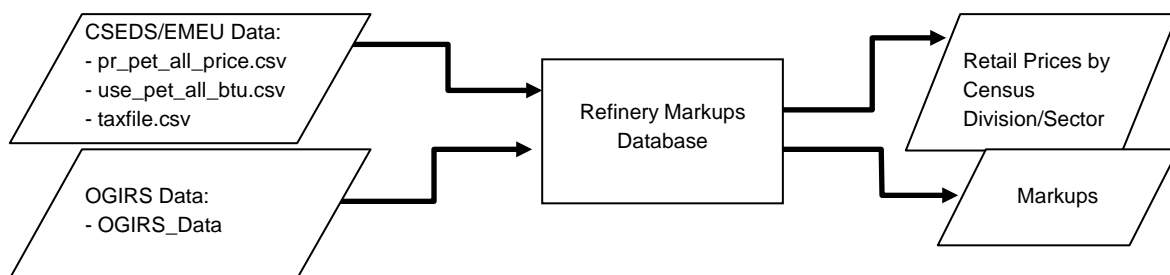
This database compiles state and sector level Retail prices to provide Census District retail prices by sector.

### Markup Estimating Program

The database RefineryMarkups.mdb is used to compute the differences in wholesale product prices and retail product prices. The Refinery Markups Database (RMD) is built into a single Microsoft Access database (.MDB) file, called RefineryMarkups.mdb. It includes 1 Form, 2 Macros, 53 Tables, 2 Reports, and over 100 Queries. In order to be able to import data from the Oil and Gas Information Resource System (OGIRS), the user must have “read data” permission, on the OGIRS database.

### System Flow

A basic flow chart, showing the flow of data into and out of the RMD, is shown below:



Data files are generated by the Combined State Energy Data System (CSEDS), at the direction of EMEU staff, and imported from OGIRS into the RMD, and the desired Retail, Wholesale and Markup Prices are calculated and presented in various pre-defined reports and text files created by MSAccess.

NOTE: Users of the RMD are granted read-only access to OGIRS, for importing purposes only. Therefore, the RMD can never be used to make any changes within OGIRS, e.g., alter any

Sourcekeys. More detailed instructions can be found through the Refinery Markups Documentation provided by ABACUS Technology Corporation.

## F.5 Estimation of Taxes

In the PMM, taxes are added to the prices of gasoline, transportation distillate fuel (diesel), transportation liquefied petroleum gases (LPG), and jet fuel. Taxes are also estimated for E85 (transportation ethanol) and a placeholder is used for M85 (transportation methanol) because M85 prices are no longer projected by PMM. Weighted averages of the most recently available State and Federal taxes are developed for each Census Division (CD) using periodic State survey data collected by the Defense Energy Support Center (DESC).<sup>F-16</sup> The DESC data is then aggregated to the CD level in an analyst's spreadsheet using State annual product volumes obtained from the Petroleum Marketing Annual to calculate a volume-weighted CD average. The spreadsheets utilized for each product are as follows:

- Gasoline: gasoline tax CD volumes.xls
- Diesel: diesel tax CD volumes.xls
- Jet: jet tax CD volumes.xls
- E85: E85 tax CD volumes.xls

The State taxes are fixed in real terms; the Federal taxes decline at the rate of inflation (i.e., Federal taxes are fixed in nominal terms). An additional 1 percent of the retail product CD value is added to the gasoline and diesel taxes to approximate local taxes. Historical values are also calculated for gasoline, transportation distillate, jet fuel and LPG, which are then added to historical end-use prices excluding taxes in order to develop a series with taxes included. The CD taxes, including both historical and projected series by sector, product, and year, are contained in the following file, which resides in the default input directory:

MU2PRDS.txt

The Federal taxes are read into the PMM from file:

RFCTRL.txt

and are updated each forecast year by deflating the current value by the rate of inflation for that forecast year.

## F.6 Gasoline Specifications

The PMM models the production and distribution of three different types of gasoline:

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<sup>F-16</sup> Defense Energy Support Center, "Compilation of United States Fuel Taxes, Inspection Fees and Environmental Taxes and Fees,"

conventional, reformulated, and CARB gasoline. The following specifications are included in PMM to differentiate between conventional and reformulated gasoline blends: octane, oxygen content, Reid vapor pressure (RVP), benzene content, aromatic content, sulfur content, olefin content, and the percent evaporated at 200 and 300 degrees Fahrenheit (E200 and E300).

The sulfur specification for gasoline is reduced to reflect recent regulations requiring the average annual sulfur content of all gasoline used in the United States to be phased down to 30 ppm between the years 2004 and 2007. PMM assumes that RFG has an average annual sulfur content of 135 ppm in 2000 and meets the 30 ppm requirement in 2004. The reduction in sulfur content prior to 2004 was assumed to reflect incentives for “early reduction.” The regional assumptions for phasing down the sulfur in conventional gasoline account for less-stringent sulfur requirements for small refineries and refineries in the Rocky Mountain region. The 30-ppm annual average standard was not fully realized in conventional gasoline until 2008 due to allowances for small refineries.

Starting in 1998 the specifications for conventional gasoline reflect the Environmental Protection Agency's (EPA) "1990 baseline." These specifications prevent the quality of conventional gasoline from eroding over time, which is the intent of the EPA's "anti-dumping" requirements. Reformulated gasoline has been required in many areas of the United States since January 1995. Beginning in 1998, EPA has certified reformulated gasoline using the "Complex Model," which allows refiners to specify reformulated gasoline based on emissions reductions either from their companies' 1990 baseline or from the EPA's 1990 baseline. In 2000 the Complex Model was tightened to require further emissions reductions. The PMM has used a set of specifications that meet these “Phase 2” Complex Model requirements, but it does not attempt to determine the optimal specifications that meet the Complex Model. Actually, gasoline currently sold in the United States slightly exceeds the quality implied in the Complex Model 2 specifications (i.e., over-compliance). Thus, in addition to assuming Complex Model 2 compliance for the RFG, *AEO2012* also reflects the “over-compliance” nature of gasoline in general (including conventional gasoline) by adopting the EPA survey of RFG properties in 2004.<sup>F-17</sup>

The State of California currently uses its own set of performance-based gasoline standards instead of the Federal Complex Model standards. The PMM assumes that all West Coast refiners must meet the current California Air Resources Board “CARB 3” requirements. The CARB 3 standards reflect the removal of the oxygen requirement designed to complement the State’s plans to ban the oxygenate, methyl tertiary butyl ether (MTBE) by the end of 2003.

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June 5, 2010.

<sup>F-17</sup> Information on Reformulated Gasoline (RFG) Properties and Emissions Performance by Area and Season, U.S. EPA Office of Transportation and Air Quality, <http://www.epa.gov/otaq/regs/fuels/rfg/properfrfgperf.htm>

*AEO2012* capped the ethanol volume percentage in RFG at 5.7% for California. However, the Phase 3 California Reformulated Gasoline Regulations were amended effective August 29, 2008 to allow up to 10% ethanol in gasoline. See <http://www.arb.ca.gov/regact/2007/carfg07/finalreg07.pdf> and <http://www.arb.ca.gov/fuels/gasoline/faq/faq.htm> (“...ethanol is not required under either the current or the amended regulation. However, increasing ethanol from 5.7 percent to 10 percent helps to mitigate permeation emissions under the amended Predictive Model.”) Effective Jan. 1, 2010 the Phase 3 regulations will be amended to allow for E10 in California using very-low-sulfur petroleum gasoline blendstock.

*AEO2012* reflects legislation which bans or limits the use of MTBE in 25 States: Arizona, California, Colorado, Connecticut, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Michigan, Minnesota, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Ohio, Rhode Island, South Dakota, Vermont, Washington, and Wisconsin.<sup>F-18</sup> MTBE is assumed to phase out by the end of 2008.

Arizona also has a reformulated gasoline program for the Phoenix area which is mandated by State law. Phoenix had previously been part of the Federal RFG program but opted out when State requirements were adopted. Phoenix is required to use CARB in the winter but may use either CARB or Federal RFG in the summer. Arizona is in a different model region than California and, for the sake of simplicity, is assumed to use RFG meeting Federal specifications.

### Annual Average RVP Methodology

The annual average RVP limits are derived based on the latest EPA survey of summertime gasoline and estimated wintertime levels.<sup>F-19</sup> The assumed summer and winter RVP specifications had been annualized by simple averaging using summer and winter weights provided by EPA.<sup>F-20</sup> The RVP specifications used in the PMM are shown in Table F8. The lower RVP specifications in PADD V reflect more stringent California limits that are imposed statewide.

**Table F8. Estimated Annual Reid Vapor Pressure**

Gasoline Market/Type	Annual RVP in PMM				
	PADD I	PADD II	PADD III	PADD IV	PADD V
Conventional	9.6	10.2	9.9	10.8	9.2
Reformulated	8.5	9.5	8.6	8.6	7.9

<sup>F-18</sup> Maine has passed legislation that provides a “goal” of phasing-out MTBE. Since the legislation is not binding, Maine is not included in *AEO2004* assumptions.

<sup>F-19</sup> Information on Reformulated Gasoline (RFG) Properties and Emissions Performance by Area and Season, U.S. EPA Office of Transportation and Air Quality, <http://www.epa.gov/otag/regs/fuels/rfg/properf/rfgperf.htm>

<sup>F-20</sup> The summer weight of 0.396 and winter weight of 0.604 were provided by Dave Korrotney of EPA (313-668-5507).



## Complex Model Standards for Motor Gasoline

The U.S. EPA has promulgated regulations for reformulated motor gasoline that are designed to lower vehicle emission pollutants as required by the amended Clean Air Act of 1990.<sup>F-21</sup> The reformulated gasolines are designed to reduce vehicle emissions of toxic and ozone-forming compounds. Reformulated gasoline must be sold in certain regions where there are severe ozone problems as well as in areas with less severe ozone problems which opt into the program.

Conventional gasoline may be sold elsewhere but it must not be more polluting than it was in 1990. These areas are discussed elsewhere in the documentation. Although EPA has established some conventionally treated specifications, namely minimum oxygen content and maximum benzene content, the conceptual aspect of the emission standards is that the reformulated gasoline must be blended in such a way that it meets maximum allowable emissions of volatile organic compounds (VOCs), nitrous oxides (NOx), and toxics. These motor gasoline standards are calculated by complex formulae based upon key properties of the gasoline blend. The regulations cover Phase I (1 January 1995 through 31 December 1999) and Phase II (1 January 2000 and afterwards). The model uses a set of specifications that meet or exceed emissions requirements for Phase II of the Complex Model. Also, the refiner may meet the requirements for VOCs and NOx on either a per-gallon basis or on an average basis although some per-gallon constraints still apply. The average basis has been incorporated into the model.

The NOx and toxics emission standards for reformulated gasoline apply year-round, whereas the VOC standards apply only in the summer. The NOx standard varies depending upon whether the VOC standards apply, i.e. depending upon whether it is summer or winter. The VOC standard for the north<sup>F-22</sup> is different from the VOC standard applying to the south; greater volatility is allowed in the north. The Complex Model Averaged Standards are shown below in Table F9.

**Table F9. Complex Model Standards**

	Phase I 1995 – 1999	Phase II 2000 +
<b>VOC Reduction, %</b>		
South	<b>Error! Objects cannot be created from editing field codes. 36.6</b>	<b>Error! Objects cannot be created from editing field codes. 29.0</b>
North	<b>Error! Objects cannot be created from editing field codes. 17.1</b>	<b>Error! Objects cannot be created from editing field codes. 27.4</b>
<b>NOx Reduction, %</b>		

<sup>F-21</sup> Federal Register, Environmental Protection Agency, Regulation of Fuels and Fuel Additives; Standards for Reformulated and Conventional Gasoline: Final Rule, Part II, 40 CFR Part 80, (Washington, DC, 16 February 1994)

<sup>F-22</sup> For the sake of simplicity, we use the terms south and north to refer to EPA regions 1 and 2 respectively. Region 1 is covered by ASTM Class B while Region 2 is covered by Class C.

Summer	<b>Error! Objects cannot be created from editing field codes.</b> 1.5	<b>Error! Objects cannot be created from editing field codes.</b> 6.8
Winter	<b>Error! Objects cannot be created from editing field codes.</b> 1.5	<b>Error! Objects cannot be created from editing field codes.</b> 1.5
Toxics Reduction, %	<b>Error! Objects cannot be created from editing field codes.</b> 16.5	<b>Error! Objects cannot be created from editing field codes.</b> 21.5
Oxygen, wt%	<b>Error! Objects cannot be created from editing field codes.</b> 2.1	<b>Error! Objects cannot be created from editing field codes.</b> 2.1
Benzene, %	<b>Error! Objects cannot be created from editing field codes.</b> 0.95	<b>Error! Objects cannot be created from editing field codes.</b> 0.95

Source: U. S. Environmental Protection Agency 40 CFR Part 80, Regulation of Fuels and Fuel Additives: Modifications to Standards and Requirements for Reformulated and Conventional Gasoline.

These standards were translated into conventionally configured specifications for blending motor gasoline. First, two winter specifications were developed, one for Phase I and one for Phase II. Of course, the VOC standard was excluded from consideration. Then four summer specifications were created, a south set and a north set for Phase I and similarly for Phase II. Specifications for Phase I were used in prior forecasts for years up to 1999. PMM currently uses only the Phase II specifications as 2008 is the initial forecast year. The sulfur specification is adjusted to reflect the regulations requiring the reduction of sulfur in gasoline. RFG is assumed to reach the target of 30 ppm sulfur by 2004.

These sets were developed by use of a spreadsheet, developed by EPA, which calculates the VOCs, NO<sub>x</sub>, and Toxics of a reformulated gasoline as a function of the 'conventional' properties of the gasoline, i.e. as a function of RVP, sulfur content, oxygen content, aromatics content, olefins content, benzene content, percent evaporation at 200 degrees Fahrenheit (E200), and percent evaporated at 300 degrees Fahrenheit (E300). The approach was to start with 'best informed guess' properties and use trial and error to gradually expand the allowable property limits. The blend properties cited as typical fuels in an EPA presentation<sup>F-23</sup> served as the starting values for both Phases I and II. The same starting point was used for both winter and summer. Table F10, following a chart developed by the EPA,<sup>F-24</sup> indicates the directional sensitivities of the properties on the standards. Of course, a more rigorous approach is possible in establishing the

<sup>F-23</sup> C.L. Gray, "Reformulated Gasoline Final Rulemaking and Renewable Oxygenate Proposal," Proceedings of The World Conference on Refinery Processing and Reformulated Gasoline, March 22-24, 1994, Information Resources, Inc.

<sup>F-24</sup> Ibid.

specification sets. For instance, one might perform incremental changes over the reformulated gasoline properties followed by computer runs to establish minimum cost specifications. However, this approach was not implemented due to resource constraints.

**Table F10. Directional Emission Effects of Gasoline Property Changes**

Property	VOC	NOx	Air Toxics
RVP <b>Error! Objects cannot be created from editing field codes.</b>	<b>Error! Objects cannot be created from editing field codes.</b> <b>Error! Objects cannot be created from editing field codes.</b> <b>Error! Objects cannot be created from editing field codes.</b>	–	<b>Error! Objects cannot be created from editing field codes.</b>
Sulfur <b>Error! Objects cannot be created from editing field codes.</b>	<b>Error! Objects cannot be created from editing field codes.</b>	<b>Error! Objects cannot be created from editing field codes.</b> <b>Error! Objects cannot be created from editing field codes.</b> <b>Error! Objects cannot be created from editing field codes.</b>	<b>Error! Objects cannot be created from editing field codes.</b> <b>Error! Objects cannot be created from editing field codes.</b>
Aromatics <b>Error! Objects cannot be created from editing field codes.</b>	<b>Error! Objects cannot be created from editing field codes.</b>	<b>Error! Objects cannot be created from editing field codes.</b>	<b>Error! Objects cannot be created from editing field codes.</b> <b>Error! Objects cannot be created from editing field codes.</b>
Olefins <b>Error! Objects cannot be created from editing field codes.</b>	–	<b>Error! Objects cannot be created from editing field codes.</b>	–
E200 <b>Error! Objects cannot be created from editing field codes.</b>	<b>Error! Objects cannot be created from editing field codes.</b>	<b>Error! Objects cannot be created from editing field codes.</b>	<b>Error! Objects cannot be created from editing field codes.</b>
E300 <b>Error! Objects cannot be created from editing field codes.</b>	<b>Error! Objects cannot be created from editing field codes.</b>	–	–
Oxygen <b>Error! Objects cannot be created from editing field codes.</b>	–	–	<b>Error! Objects cannot be created from editing field codes.</b> <b>Error! Objects cannot be created from editing field codes.</b>

			<b>codes.</b>
<b>Error! Objects cannot be created from editing field codes.</b>	–	–	<b>Error! Objects cannot be created from editing field codes.Error! Objects cannot be created from editing field codes.Error! Objects cannot be created from editing field codes.</b>

The PMM is an annual model, i.e. it does not have seasonality. A decision was made to develop, for PADDs I-IV, a single reformulated gasoline specification for Phase I simulation and a single specification for Phase II. This required several actions. The two summer sets for Phase I were linearly blended by combining the projected gasoline-sales-weighted south specifications to the appropriately weighted specifications of the north. The resulting two sets of specifications for Phase I, one for summer and one for winter, were then combined after weighting them according to summer sales and winter sales respectively. The Phase II specifications were collapsed to a single set in the same manner. The composites were calculated in a spreadsheet maintained by the Oil and Gas Division. This specification was adapted from the presentation made by Charles L. Gray at the conference cited above. The resulting reformulated gasoline specifications are shown in Table F11. It is, of course, a simple matter to convert the PMM blending stock distillation temperature values as needed.

**Table F11. PMM Reformulated Gasoline Specifications**

	<b>Phase I PADDs I-IV</b>	<b>Phase II PADDs I-IV</b>	<b>Phase II with Reduced Sulfur PADDs I-IV</b>
Max RVP, psia	8.7	8.6	8.6
Max S, ppm	305	108.75	30
Max Aro, %	25.0	25.0	25.0
Max Ole, %	12.0	12.0	12.0
Min E200, %	49.0	49.0	49.0
Min E300, %	87.0	87.0	87.0
Min Oxy, wt%	2.1	2.0	2.0
Max Ben, %	0.95	0.66	0.66

Data represent 2001 specifications to meet Complex Model standards. PMM adopted specifications in each forecast year based on the regulations in effect at the time. Therefore, in 2004 when the Tier 2 regulation kicked in, the maximum sulfur content was reduced to 30 ppm.

The sulfur specification on the Complex Model is adjusted to meet Tier 2 gasoline requirements.

## **F.7 Estimation of Gasoline Market Shares**

Within the PMM, total gasoline demand is disaggregated into demand for conventional, reformulated and CARB gasolines by applying assumptions about the annual market shares for each type. Annual assumptions for each region account for the seasonal and city-by-city nature of the regulations. The market shares are assumed to remain constant at the actual 2009 level. In 2004 and onward, the Census Division 9 market share for RFG is separated into two different categories which represent CARB3 gasoline without an oxygen requirement (RFH) and CARB3 gasoline with the Federal oxygen requirement (RFG). This breakout into another product is needed to represent the planned MTBE ban in California in the absence of a waiver to the Federal RFG oxygen requirement. PMM assumes the Federal oxygen requirement remained intact in the four areas of California bound by the Federal requirement; Los Angeles, Sacramento, San Diego, and the recently added San Joaquin Valley. In effect, these areas must use ethanol to meet the oxygen requirement. The market shares assume that 60 percent of the gasoline in Census Division 9 will continue to meet the Federal RFG requirement, and 15 percent will meet California specifications.

Although the shares are assumed to remain constant after 2009, the PMM structure allows for them to change over time based on alternative assumptions about the market penetration of new fuels. This allows for flexibility to analyze the impact of differing market share assumptions and to adjust the assumptions over time based on updated information about announced participation in the reformulated gasoline program.

## **F.8 Diesel Specifications**

PMM models three types of distillate fuel oil: heating oil (N2H), low-sulfur diesel (DSL), and ultra-low-sulfur diesel (DSU). Both types of diesel fuel differ in their specifications for sulfur, aromatics content, and API gravity. DSL reflects current highway diesel fuel requirements while DSU reflects the tighter “ultra-low-sulfur diesel” (ULSD) requirement which began phasing in in 2006. ULSD also covers growing volumes of nonroad, locomotive and marine (NRLM) applications beginning after 2010. DSL in Census Divisions 1 through 8 is assumed to meet Federal specifications, including a maximum sulfur content of 500 parts per million (ppm) and a maximum aromatic content of 35 percent by volume.<sup>F-25</sup> DSL in Census Division 9 is assumed to meet California Air Resources Board (CARB) standards that limit sulfur content to 500 ppm and

### Final U.S. EPA Diesel Fuel Sulfur Limits

<u>Refiner Class</u>	6/1/2006	6/1/2007	6/1/2010	6/1/2012	6/1/2014 +
<u>HIGHWAY DIESEL</u>					
Non-“small” refineries	> 80% 15 ppm		15 ppm		
“Small” refineries (< 155,000 bbl/day; < 1,500 employees)	-		15 ppm		
<u>NONROAD AND LOCOMOTIVE/MARINE (NRLM) DIESEL</u>					
Non-“small” refineries nonroad (NR) diesel	-	500 ppm	15 ppm		
Non-“small” refineries locomotive/marine (LM) diesel	-	500 ppm		15 ppm	
“Small” refineries (< 155,000 bbl/day; < 1,500 employees)	-	- <sup>a</sup>	500 ppm		15 ppm <sup>b</sup>

a. Northeast/Mid-Atlantic requires 500 ppm for all NRLM diesel starting mid-2007.

b. LM diesel downgrade to 500 ppm is allowed indefinitely. Fifteen ppm sulfur is required at refinery gate only.

aromatics to 10 percent by volume.<sup>F-26</sup>

According to the “ultra-low-sulfur diesel” (ULSD) regulation finalized in December 2000, ULSD is highway diesel that contains no more than 15 ppm sulfur at the pump. In the PMM, this new product is assumed to contain 7 ppm sulfur at the refinery gate, reflecting the general consensus that refiners will need to produce diesel with a sulfur content below 10 ppm to allow for contamination during the distribution process.

During mid-2004, the U. S. Environmental Protection Agency (EPA) finalized its new nonroad diesel rules which effectively parallel the highway standards but lag by several years in implementation. The specifications and timing of each quality type by refiner class are

<sup>F-25</sup> Federal regulations require either a maximum 35 percent (volume) aromatics or a cetane index of 40.

<sup>F-26</sup> <http://arbis.arb.ca.gov/diesel/diesregs.pdf>

summarized below.

## **F.9 Estimation of Diesel Market Shares**

When the 2000 ULSD Federal regulations and the 2004 nonroad diesel rules are fully implemented after 2014, there will be three distillate fuels in the marketplace: (a) 15 ppm highway, (b) Nonroad Locomotive & Marine (NRLM) diesel; (c) high-sulfur heating oil. The PMM has been revised to reflect this new rule and at the same time has been re-calibrated regarding market shares of highway and NRLM diesels, as well as other distillate (mostly heating oil, but excluding jet fuel and kerosene).

Historically, highway-grade diesel supplied has nearly matched total transportation distillate sales, although some highway-grade diesel has gone to non-transportation uses such as agriculture and construction. An analysis was performed to re-aggregate diesel fuel by sector and by quality to reflect individual uses for the PMM. Year 2007 historical percentages were computed from sector level data available in the Fuel Oil and Kerosene report. The following table provides an overview of how the categories were regrouped between the former listings and the new labeled applications.





## F.10 Estimation of Regional Conversion Coefficients

Differing regional definitions necessitate the conversions of certain variables from one regional structure to another. Regional conversions are not extensive in the PMM, but are needed for five refinery input prices, refinery fuel consumption, and cogeneration information. The factors are used to convert prices, consumption, or cogeneration from census districts to the PADD level since the PMM was originally constructed by PADD.

### Conversions for Prices of Refinery Inputs

PMM receives prices for refinery inputs of natural gas from the NGTDM by Census Division and must convert these into PADD-level prices. Due to the proximity of refineries in PADDs II, III, and IV to the sources of natural gas supply, prices in these PADDs reflect wellhead natural gas prices in the corresponding Oil and Gas Production Regions. This is achieved by scaling the industrial price for natural gas by an appropriate factor (PNGADJ). Table F12 shows the source of PADD-level natural gas prices.

**Table F12. Source of PMM Natural Gas Prices**

Correlation of Prices	
PADD	Input Price
I	Census Division 2 industrial price (PGIIN) * PNGADJ
II	Census Division 4 industrial price (PGIIN) * PNGADJ
III	Census Division 7 industrial price (PGIIN) * PNGADJ
IV	Census Division 8 industrial price (PGIIN) * PNGADJ
V	Census Division 9 industrial price (PGIIN) * PNGADJ

PMM receives prices for refinery inputs of electricity by Census division. PADD-level prices are derived by assuming prices in intersecting Census divisions. Table F13 shows the correlation between PADD and Census division electricity input prices.

**Table F13. Source of PMM Electricity Prices**

Correlation of Prices	
PADD	Input Price
I	Census Division 2 industrial prices (PELIN)
II	Census Division 3 industrial prices (PELIN)
III	Census Division 7 industrial prices (PELIN)
IV	Census Division 8 industrial prices (PELIN)
V	Census Division 9 industrial prices (PELIN)

**Conversions for Refinery Fuel Consumption**

Refinery fuel consumption must be converted from the PADD to the Census division level. Each Census division consumption number will equal the consumption in the overlapping PADDs times a factor. The factors were developed using the last five years of historical Census Division consumption data, aggregated, averaged, and allocated over the PADDs. Resulting percentages were put into variables PD2CD(cd)COEFF, as shown in Table F14a below. The factors are interpreted as follows: The 0.840 at the intersection of Census Division 2 and PADD I indicates that 84.0 percent of the PADD I refinery fuel consumption is estimated (using refinery operating capacity as the estimator) to occur in Census Division 2. These values will change by small amounts as refinery capacities change, but the impact on model results will be small. The same coefficients are used to disaggregate refinery electricity purchase from PADD to CD.

Example:

$$\text{Census Division 7 fuel consumption} = (\text{PADD II consumption} * .057) + (\text{PADD III consumption} * .933)$$

**Table F14a. PADD to Census Division Conversion Factors**

	Census Division									SUM
	1	2	3	4	5	6	7	8	9	
PADD 1	0.00	0.840			0.160					1.00
PADD 2			0.634	0.209		0.100	0.057			1.00
PADD 3						0.067	0.933			1.00
PADD 4								1.00		1.00
PADD 5									1.00	1.00

## Conversions for Cogeneration

Information including cogeneration levels (RFCGGEN(CD)), cogeneration capacity (RFCGCAP(CD)), refinery fuel consumption (RFCGFUEL(CD)), self-generation (RFCGSELF(CD)), and generation for grid (RFCGGRID(CD)) must also be converted from PADD level to Census divisions. The same type of procedure used for refinery fuel consumption (described above) is also used to convert the cogeneration data. However, the methodology for defining the factors is different. The factors were developed using State-level refinery operating capacity and are shown in Table F14b.

**Table F14b. PADD to Census Division Conversion Factors**

Census Division										
	1	2	3	4	5	6	7	8	9	SUM
<b>PADD 1</b>	0.00	0.563			0.437					1.00
<b>PADD 2</b>			0.789	0.034		0.034	0.143			1.00
<b>PADD 3</b>						0.002	0.998			1.00
<b>PADD 4</b>								1.00		1.00
<b>PADD 5</b>									1.00	1.00

## F.11 Unfinished Oil Imports Methodology

PADDs I and III are the primary recipients of unfinished oil imports into the United States. In recent years, PADD V has started receiving increasing volumes of Resid and Heavy Gas Oils. Accordingly, since *AEO2005*, PADD V has been added and allocation factors have been revised. The mix of unfinished imported oils flowing into the United States has changed considerably in recent years. An analysis<sup>F-27</sup> is conducted periodically and maintained offline to gauge the relative distribution of principal unfinished oils into the applicable PADDs. Of the four product import categories that EIA publishes, light gas oils are insignificant and not modeled in PMM. Naphtha, Heavy Gas Oil (HGO), and Resid are tracked and modeled. The corresponding product percentage allocation factors by PADD are shown below:

	PADD III	PADD I	PADD V
<b>PADD Allocation Factor</b>	.72	.18	.10
<b>Naphtha</b>	.10	.08	.01

<sup>F-27</sup> U.S. Energy Information Administration, *Petroleum Supply Annual*, June 2004, Tables 3, 5, 9, and 20.

HGO	.60	.77	.33
Resid.	.30	.15	.65

Total unfinished oil imports are estimated as a function of crude oil input to refineries. A regression equation using annual data was developed to represent this relationship and has served over the years despite the erratic timing, magnitude, distribution, and volatility of the various unfinished oil imports into the PADDs. The most significant fundamental shift in unfinished oil imports in recent years has been the dramatic reduction in Resid imports approaching 50 percent. Consequently, the original equation has been modified proportionally to reflect this new circumstance:

$$U.S. \text{ Unfinished Oil Imports} = -1223.00.1223 * \text{Crude Inputs}$$

Total U.S. unfinished oil imports are estimated from the equation; the PADD values are then allocated to PADDs I, III, and V using the values presented in the above table.

## F.12 Product Pipeline Capacities and Tariffs

Five sources were used to obtain the product pipeline data; (1) The 1989 NPC study,<sup>F-28</sup> (2) The North American Crude Oil Distribution (NACOD) model prepared by ICF for the Office of Strategic Petroleum Reserves (OSPR) during 1990-91, (3) Updates to these sources prepared by ICF in July 2003, (4) The North American Supply Distribution (NASDM) model prepared by INTEK for the Office of Strategic Petroleum Reserves (OSPR) during 2008, and (5) Updates to these sources prepared by EIA in July 2008.

NACOD data for the year 2000 were used for the petroleum product pipeline capacities and tariffs (1991\$). The NPC study was used for LPG and NGL pipeline capacity data. The NACOD model defines 15 crude oil demand regions (including Canada and Puerto Rico/Virgin Islands) and the NPC study uses PADD regions. The links needed for PMM, as shown in Table F15, are based on PADDs for refining regions and Census Divisions for demands.

**Table F15. NACOD Regions and NEMS/PMM Census Regions**

NACOD Regions		NEMS/PMM Regions	
Code	Locations	Code	Locations
1	New England	1	NE, New England
2	Includes MD, DE	2	MA, excludes MD, DE

<sup>F-28</sup> National Petroleum Council, *Petroleum Storage and Distribution, Volume 5, Petroleum Liquids Transportation*, (April 1989).

NACOD Regions		NEMS/PMM Regions	
Code	Locations	Code	Locations
3	WV to FL	5	SA, includes MD, DE
4	KS, OK	7	WSC, includes OK, KS
5	PADD II	3,4	WNC, ENC, and KY, TN from 6
6	Texas Gulf Coast	7	WSC
7	LA Gulf Coast	7	WSC
8	West Texas, NM	7	WSC, excludes NM
9	AR, No. LA, No. MS, AL	6,7	ESC, AR, LA, MS, AL
10	PADD IV, North ID, MT	8	MNT
11	PADD IV, South WY, UT, CO	8	MNT
12	Alaska	9	PAC
13	Hawaii	9	PAC
14	PADD V	9	PAC, excludes NV, AZ

Many of the links shown in Table F16 and Table F17 represent more than one pipeline. In some cases, we have retained more than one link from a source to a destination in order to have a better representation of product movements.

The product pipeline capacities, excluding LPG/NGL service, are shown in Table F16. The matrix formulation used in PMM allows for separate arcs for product movements. For example, to deliver a barrel of gasoline to Dorsey, Maryland (in Census Region 2) from PADD III, (Census Region 7), requires flow on the link from PADD III to Region 6 (capacity of 3,100 Mbbbl/cd) at a cost of \$0.89/bbl, flow on the link from Region 6 to Region 5 (capacity of 2,600 Mbbbl/cd) at a cost of \$1.19/bbl, and flow on the link from Region 5 to Region 2 (capacity of 2,000 Mbbbl/cd) at a cost of \$0.82/bbl. The total tariff is \$2.90/bbl or 6.90 cents/gallon.

**Table F16. Petroleum Product Pipeline Capacities and Tariffs**

Link from Refinery PADD* to Census District (CD)			
From PADD	To CD	Capacity (Mbbbl/cd)	Rate (Wt. avg \$2007/bbl)
PAD District II	2	167	1.23
PAD District II	6	120	3.42
PAD District II	7	124	1.43
PAD District II	8	60	1.02
PAD District III	3	1,100	1.51
PAD District III	4	170	1.18
PAD District III	8	180	1.24
PAD District III	6	3100	0.89
PAD District IV	4	130	1.11
PAD District IV	9	73	1.04
CD 5	2	2000	0.82
CD 6	5	2,600	1.19

\*Some census district source areas are included to represent pipelines that have terminals in more than one CD

Source: July 2008 INTEK/EIA update...

The LPG/NGL pipelines are shown in Table F17.

**Table F17. LPG/NGL Pipelines Capacities and Tariffs**

Link from Refinery PADD* to Census District (CD)			
From PADD	To CD	Capacity (Mbbbl/cd)	Rate (Wt. avg \$2002/bbl)
PAD District I	CD 6	5	2.00
PAD District III	CD 4	50	1.34
PAD District III	CD 3	290	1.17
PAD District III	CD 6	109	0.24
PAD District II	CD 2	56	0.45
PAD District II	CD 7	165	2.48
PAD District II	CD 5	5	0.53
PAD District II	CD 8	5	0.53
PAD District IV	CD 7	160	1.15
PAD District IV	CD 4	60	1.15

\*Some census district source areas are included to represent pipelines that have terminals in more than one CD

Source: July 2008 INTEK/EIA update.

## F.13 Cogeneration Methodology

Electricity consumption in the refinery is a function of the throughput of each unit. Sources of electricity consist of refinery power generation, utility purchases, refinery cogeneration, and merchant cogeneration. Power generators and cogenerators are modeled in the PMM Linear Program (LP) as separate units which are allowed to compete along with purchased electricity.

### Refinery Cogeneration

The refinery cogeneration unit in the PMM LP was modeled using historical data as a guideline. Cogeneration activity for each refinery was aggregated to the PADD level for incorporation into the PMM LP. Cogeneration capacity, fuel consumption, and percent sales to the utility grid were estimated from the 2008 version of EIA-920 Combined Heat and Power Plant Report.

Cogeneration investment and operating costs were derived from the 1980 Office of Technology Assessment (OTA) report "Industrial Cogeneration."

Cogeneration capacity (including planned capacity) for each refining region was also derived from the EIA-920. The LP limits utilization to 90 percent of capacity. Cogeneration capacity is allowed to expand when the value received from the additional product exceeds the investment and operating costs of the new unit. The value of adding capacity includes revenues from sales to the utility grid and the displacement of purchases of electricity. Investment costs are derived from the OTA report. The capacity expansion methodology is described in detail in Chapter 4.

Forecast refinery cogeneration fuel consumption was derived from the NEMS Industrial Model for small cogeneration systems. A 1,000 KW capacity unit was assumed to have an overall heat rate of 14,217 btu/KWh. Converted to fuel oil equivalent, consumption of 2.26 barrels of fuel oil produces approximately 1,000 KWh of electricity and 6,530 lbs of steam. Since the LP refinery consumes fuel in barrels of fuel oil equivalent, shares of individual fuels were determined from the historical data and computed post process. The shares are allocated as follows:

Oil	8.0%
Natural Gas	77.0%
Other Gaseous Fuels	15.0%
Other	0.0%.

In the past, shares of all petroleum based fuels were aggregated under Petroleum Products. This category has now been divided into Oil and Other Gaseous Fuels.

In general, refinery cogeneration units tend to be small, designed to supply the refinery's steam and electricity needs, with a small amount of leftover capacity sold to the grid. However, if it is profitable to sell cogeneration electricity, the LP will sell all of it. Likewise if it is not profitable, it will sell none of it. To model the situation more realistically, sales to the grid were modeled

using percentages derived from the historical data base. The percentage of sales to the grid for each refining region (PADD) was calculated from the 2005 data as follows:

REGION	PERCENT SOLD TO GRID
E (PADD I)	67.0
C (PADD II)	0.9
G (PADD III)	2.2
M (PADD IV)	0.9
W (PADD V)	45.4

The LP is forced to sell electricity back to the grid in these percentages at a price equal to the average wholesale price of electricity. Fixed operating costs are calculated in the model as a function of cogeneration capacity while variable operating costs are determined as a function of electricity generated. The following rates were determined from the OTA report.

Annual Fixed Cost	\$7.32/kW
Variable Cost	\$0.00565/KWh

Data come from the EIA-920 report. This data the refinery portion of this data is then assembled in the the MSAccess file New NUGS.MDB to obtain fuel use, capacity, and capacity factors for existing refinery co-gen units. Output tables become linked input tables for the PMM history file generator “Build ELGCPUR.MDB” described in Appendix H.

### **Merchant Cogeneration**

Merchant cogeneration is also modeled in the PMM. Merchant cogenerators are defined as non-refiner-owned facilities located near refineries to provide energy to the open market and to the neighboring refinery. The PMM merchant cogeneration model parameters are based on the Central & South West Energy Inc. (CSWE) facility located adjacent to the Phillips Petroleum Company in Sweeny, Texas. CSWE supplies all of the refinery’s steam and electricity requirements and receives up to three quarters of their fuel from refinery waste gases. Electricity not used by Phillips, about two-thirds of total capacity, is sold on the open market.

Fuel consumption parameters for the PMM merchant plant are based on the Sweeny facility. The PMM merchant cogeneration unit consumes 1.90 barrels of fuel oil equivalent to produce 1,000 KWh of electricity and 5,200 lbs. of steam.<sup>F-29</sup>

Initial capacity in PMM PADDs I through V are 215.5, 16.6, 5.5, 0, and 461.6 MW, respectively. Capacity expansion methodology is the same as in the refinery cogeneration model. Investment cost for a new cogeneration facility is \$580 per kW of capacity. Annual fixed cost and variable

---

<sup>F-29</sup> CarolAnn Giovando, June 1998. *1998 Powerplant Awards Sweeny Cogeneration Facility*, Power



operating cost are the same as for the refinery cogeneration model.

Unlike refinery cogeneration units, merchant facilities tend to be large units designed to sell a large portion of their electricity to the grid. The PMM merchant cogeneration model assumes 67 percent of electricity generated is sold to the grid in all regions, based on the Sweeny facility. The sale price is equal to the average wholesale price of electricity for each PMM region. Electricity prices are obtained from the Electricity Market Model.

## F.14 Natural Gas Plant Fuel Consumption

The consumption of natural gas by natural gas processing plants is modeled as a function of dry gas production. Natural gas consumed at gas processing plants is calculated as a percentage of dry gas production using data from the Natural Gas Annual. The ratios are calculated by PADD, except for PADD V where Alaska is computed separately from the rest of PADD V.

PADD I	1.24
PADD II	2.27
PADD III	2.31
PADD IV	2.72
PADD V (all)	4.84
PADD V (w/o AK)	2.25
ALASKA	8.93

## F.15 Crude Oil Exports/Total and Alaskan

Exports of crude oil have historically been linked to the level of domestic production. A significant amount of crude oil exports used to be from Alaska. Since 2000, however, Alaska has not exported any significant volumes of crude oil due to increasing domestic demand and decreasing crude production in Alaska. This trend is expected to continue. As a result, crude oil exports are represented in the PMM as a percentage of only the total lower 48-state crude oil production based on the latest available data.

$$R\_CRDEXP = QEXCRDIN(MNUMPR,HISTLYR)/RFQTD CRD(15,HISTLYR)/1000$$

$$QEXCRDIN(MNUMPR,J) = R\_CRDEXP * RFQTD CRD(15,J) * 1000$$

$$Non-Alaska\ exp = QEXCRDIN(MNUMPR,J) * (1. - PCTEXCRD(0))$$

$$O@CRDEXP = LP\ matrix\ column\ name\ representing\ total\ Non-Alaska\ exports$$

Where:

$$R\_CRDEXP = \text{Historical ratio of total crude exports to total US crude production.}$$

$$QEXCRDIN = \text{Total crude exports (M bbl/cd).}$$

$$RFQTD CRD = \text{Total U.S. crude production (MM bbl/cd).}$$

*PCTEXCRD(0)* = Alaska percent of crude exports (currently = 0%).  
*MNUMPR* = Total lower 48.  
*J* = Model year.  
*HISTLYR* = Last year for historical data.

## F.16 Technology Improvement Option

A number of mechanisms for representing technological progress for key PMM refinery processing units have been implemented in the PMM. The first option allows the PMM to represent process technology improvements that will impact operating costs on any or all active processing units and/or processing modes. Thus, the user defines the processing unit(s), corresponding processing mode(s), and percentage change in variable operating cost (OVC) (positive or negative), along with a range of years over which these are phased in. The second option allows the user to define a set of processing units and corresponding output streams whose yields would change due to technology improvements. The year in which the technology will come on and the corresponding yields are also included in the input data. The third option allows the user to upgrade the properties of intermediate streams beginning in any user-specified year. The user defines the stream ID, the spec ID(s), and the new spec value(s), along with the activation year for this change. The design for each of these options is modular in that the control data are located in a file separate from the current PMM refinery technology database, and the user defines the information needed to drive the technology change. Each of these options is summarized below.

For the first option, the user has the option to change the OVC data for all processing units (global), for any number of user-defined processing units, for both (with the user-defined unit data overriding the global data), for any set of processing modes, or for nothing at all. The user defines the period over which the OVC change is phased in, as well as the total percentage change (- for a decrease and + for an increase) that is desired over the period. For the user-specified option, the user also includes the 3-digit processing unit ID(s). The last record of data in the user-specified option must begin with a # symbol to signal the end of the list. To turn off either or both options, the phase-in begin and end years must be set to 0. The control data are located at the bottom of the PMM rfcrtl.txt data file. The format of this control data is as follows:

C Data for Global changes to reflect Technological Progress

```
C | Phase-in Period | Chng over period
C | BeginYR   EndYR   | Percent Chng
@ | Y1       Y2   | TPCT_CHNG
   0         0     0.0000
```

C Data for Process Unit changes to reflect Technological Progress

```
C | Phase-in Period   | Chng over period   | Name of ProcUnit/ Mode
```

```

C | BeginYR  EndYR | Percent Chng  | Three-letter ID
@ |   Y1   Y2      | TPCT_CHNG    | UNAMID  MNAMID
x   0     0      0.0000   FCC  75H
x   0     0      0.0000   ALK   C4A
#                               0    0    0.0    ---    ---

```

To activate the option to change stream yields for a processing unit and mode of operation, the user is required to define the processing unit(s), mode(s) and stream(s) being affected, the corresponding new yield level(s), and an activation year (not phased in for this version). The number of processing units, modes, and streams must be included in the data file to act as controls for reading and processing the data. Up to ten modes and ten streams per mode can be changed for each processing unit defined. To deactivate this option, the number of processing units is set to zero. During the processing effort, the original yield and gain levels associated with the processing unit/mode combination are first retrieved from the LP matrix. Next, the yields corresponding to streams specified by the control data are updated based on the input data. Finally, the gain is recalculated and updated in the matrix. The data format representing an activated list of new yield levels is presented below:

C Data for Yield improvement to reflect Technological Progress

```

C | Num/Name |      |      | MAX MODES = 10
C | ProcUnit | Tech | # of | 1 new | 2 new | 3 new | 4 new
C | 3-let ID  | Year | modes | mode, coeff | mode, coeff | mode, coeff | mode, coeff]
@ |-----  | ---- | ---- | ---- ----  | ---- ----  | ---- ----  | ---- ----  |
      1
      FCC   2005  2   80S     75H
                4           8
                RC8 .635 UC4 .064
                LC8 .099 UC3 .050
                UC4 .089 ZR8 .286
                COX .051 ZR7 .286
                --- .000 ZC7 .040
                --- .000 ZC8 .040
                --- .000 LC1 .054
                --- .000 LC2 .055

```

To activate the option to change spec values of intermediate streams, the user is required to define the stream(s), spec ID(s), new spec levels, and an activation year (not phased in for this version). The number of streams and spec IDs must also be included in the data file to act as controls for reading and processing the data. Up to ten spec types can be changed for each stream defined. To deactivate this option, the number of streams is set to zero. During the processing effort, the

coefficients corresponding to the product component stream columns (B\* and F\*) and the product spec requirement rows (Q\*) are updated using the stream spec data. Note, however, that a special algorithm must be used when changing the gravity and sulfur specs for streams used for blending into products. The gravity spec (GRX) must be converted using the following equation before being used to update the LP matrix:

$$coefgravity = 141.5 / (131.5 + CHNGSPCgravity)$$

The sulfur spec (SLX) data for streams used in blending gasoline and distillate products simply must be divided by 100 (to convert from percent to decimal).

The data format representing an activated list of new spec levels for intermediate streams is presented below:

C Data for Spec improvement to reflect Technological Progress

C

C SELECT FROM THE FOLLOWING LIST OF SPEC IDS:

C GASO: R0N, M0N, RVX, E2N, E3N, SLX, OLX, ARX, BZX, PON, POX

C DIST: SLX, GRX, VBX, LMX, FLX, FZX, AR

C REQUIRED: WHEN CHANGING SLX, MUST ALSO CHANGE GRX, AND VICE VERSA

C

C | | | | MAX NUM OF SPECS = 10

C | Tech | Stream | # of | 1 new | 2 new | 3 new | 4 new |

C | Year | 3-let ID | specs | spec, value | spec, value | spec, value | spec, value |

@ | ---- | ----- | ----- | ---- - | ---- - | ---- - | ---- - |

		5					
2005	ZL8	2	BZX 2.50	RVX 10.00			
2005	8LR	3	BZX 2.40	RVX 10.00	ARX 10.00		
2005	ZR8	3	BZX 0.88	GRX 65.00	SLX 200.00		
2005	OR8	3	BZX 2.56	GRX 75.00	SLX 80.00		
2005	BR8	3	BZX 0.18	GRX 50.00	SLX 320.00		

## F.17 GTL Representation in PMM

### GTL process description and data sources

The GTL process involves three steps. First, natural gas is converted into a synthesis gas by steam reforming or partial oxidation. This is followed by the Fischer-Tropsch synthesis, which converts the synthesis gas into liquid hydrocarbons. The final step involves partial upgrading of these hydrocarbons to produce liquids boiling in the range of naphtha, kerosene (jet fuel) and diesel fuel. The overall process can be operated to maximize the production of jet or diesel fuel. Naphtha is also a by-product. Generally, the naphtha has a very low octane rating and is a poor

feed or blend stock for the production of gasoline. However, it is a premium starting material for the production of various petrochemicals. The jet and diesel fuels produced are of very high quality, and can be used as neat fuels or can be blended into conventional petroleum-derived fuels to improve their quality. Commercial processes for GTL have been developed by Sasol and Shell. In the PMM, the liquid product yield from GTL is 113 bbl per million scf of natural gas. In diesel mode, 71.5% of the liquid product is produced as diesel fuel, and in jet mode, 63% of the liquid is produced as a kerosene-jet fuel. The remaining liquid product in both modes is a naphtha fraction. For a GTL plant with a nominal capacity of 34,000 BPD, the total field cost of construction is \$1.8 billion (2009\$), estimated using data from an RW Beck study along with analyst judgement.

### **GTL representation in the PMM**

In the PMM, a gas-to-liquids (GTL) facility can only be built on the North Slope in Alaska. A minimum build requirement is 50,000 bbl/d of GTL production (gas: ~500MMCFD or 180 BCF a year). The investment and operating costs change very little over time (in constant 1987 dollars). The natural gas supply is represented as a three-step supply curve in the LP. During a forecast year, total quantity on the curve represents the natural gas converted into liquids by GTL facilities at current capacity. Corresponding prices on the curve are set using the function CUM\_AKNGCRV, which takes into account cumulative North Slope gas production levels (for both GTL and pipeline). During a build decision year, total quantity on the curve is set to 1.3 times the maximum gas needed for GTLs at current capacity, and prices are set as a function of cumulative North Slope gas production levels that extend 15 years beyond the current forecast year. The resulting quantity reflects whether or not the Alaska pipeline was built in NEMS. The CUM\_AKNGCRV function contains the following cumulative production/price relationship (provided by the NGTDM team at EIA for *AEO2012*):

Cumulative production of	
North Slope NG	Year 2000\$/mcf
≤ 31,000 BCF/yr	Price = \$0.80 /mcf
≤ 36,000 BCF/yr	Price = \$1.40 /mcf
≤ 50,019 BCF/yr	Price = \$6.35 /mcf
≤ 55,276 BCF/yr	Price = \$6.69 /mcf
≤ 60,971 BCF/yr	Price = \$6.94 /mcf
≤ 70,171 BCF/yr	Price = \$7.27 /mcf
≤ 72,362 BCF/yr	Price = \$7.61 /mcf
≤ 76,743 BCF/yr	Price = \$7.94 /mcf
≤ 78,933 BCF/yr	Price = \$8.19 /mcf
≤ 83,314 BCF/yr	Price = \$8.52 /mcf
≤ 85,505 BCF/yr	Price = \$8.86 /mcf
≤ 87,257 BCF/yr	Price = \$9.19 /mcf
≤ 88,133 BCF/yr	Price = \$9.53 /mcf
≤ 92,952 BCF/yr	Price = \$11.05 /mcf
> 92,952 BCF/yr	Price = \$12.63 /mcf

GTL output streams from Alaska can be transported from the North Slope, through Valdez, to PMM region V (west) only. GTL mixing losses (PMM input) due to transport with the oil along the Trans-Alaska Pipeline System (TAPS) are accounted for and added to the Alaska oil total to be processed in a U.S. refinery. A maximum flow (oil plus gas) is defined along the TAPS pipeline. [A minimum flow could also be defined, but would force the build of a GTL facility if the oil flow is below the minimum.] GTL transport costs from the North Slope to Valdez (via TAPS) are calculated within the PMM as a function of a variable cost, a fixed cost (converted to a unit cost based on t-1 GTL and oil flow), and a subsidy factor (based on value of oil if total flow is below a pipeline minimum—currently deactivated). The fixed and variable costs are determined within the PMM based on input data. GTL transport costs from Valdez to California via vessel are also defined (PMM input).

### **GTL and the LP matrix**

The following LP variables and coefficients are related to Alaska GTL (and oil) production, transport, and accounting:

<i>TAAMHXZ</i>	Volume of AMH (Alaska medium sulfur - heavy) crude transported from Alaska to Valdez for export to Canada
<i>O@CRDEXP</i>	Other Alaskan crude exports (from South Alaska)
<i>YAAMH5(r)</i>	Volume of AMH crude transported from North Slope to Valdez + to region (r)
<i>YAALL5(r)</i>	Volume of ALL (Alaska low sulfur - light) crude transported from S. AK to region (r)
<i>PADCRQ1</i>	Total Alaskan crude production
<i>TAALLTOT</i>	Total ALL oil produced in Alaska

<i>TAAMHTOT</i>	Total AMH oil produced in Alaska
<i>TAGTLTOT</i>	Total GTLs transported from Alaska North Slope to Valdez along TAPS
<i>TANSOTOT</i>	Total oil transported from Alaska North Slope to Valdez along TAPS
<i>WAGTLJ(r)</i>	Total GTLs transported from Valdez to US refinery regions (r)
<i>GTLLOSS</i>	Percent of GTLs lost due to mixing with Alaska oil during transport along TAPS
<i>H(r)SMD(mod)</i>	Operating level for the SMD GTL processing unit
<i>H(r)SOD(mod)</i>	Operating level for the SOD GTL processing unit
<i>N(r)NGKN1</i>	Alaska NG supply curve, step 1
<i>N(r)NGKN2</i>	Alaska NG supply curve, step 2
<i>N(r)NGKN3</i>	Alaska NG supply curve, step 3
<i>H(r)MPRFSL</i>	Quantity of GTL stream SNL transferred from North Slope to Valdez
<i>H(r)MPRFSP</i>	Quantity of GTL stream SNP transferred from North Slope to Valdez
<i>H(r)MPRFSE</i>	Quantity of GTL stream SKE transferred from North Slope to Valdez
<i>H(r)MPRFSX</i>	Quantity of GTL stream SDX transferred from North Slope to Valdez

The following new and modified equations define the relationships between the variables defined above as related to GTL production in Alaska.

#### Equation 1

Total GTLs produced in Alaska and transported from the Alaska North Slope to Valdez equals the sum of the individual GTL stream types (produced by each GTL unit's mode of operation) going to each of the 5 PMM regions. The corresponding TAPS transport cost (minus GTL subsidy, if applicable) is applied to the *TAGTLTOT* variable. The *PRICNS* is calculated in the *refchg.f*, and presented in the "Changes to PMM" subsection below. Currently, the GTL subsidy has been deactivated.

$$CAGTLTOT: \quad TAGTLTOT = \sum_r \sum_{gtl} H(r)MPRF(gtl)$$

$$OBJ: \quad - (PRICNS-GTLSUB) * TAGTLTOT$$

#### Equation 2

Total GTLs being transported via a U.S. flag light product vessel from Valdez to PADD (r) equals the total GTLs produced in Alaska, minus the loss due to mixing with Alaskan oil during transport. The corresponding transport cost (*cst*) is applied to the *WAGTLJ(r)* variable, and initially is set to 3.7, 3.2, 3.2, 3.2, and 0.8 for PADDs 1-5, respectively, in \$87/bbl. The transport cost (*cst*) changes annually at the rate of 1% for every 10 cent/gal (2002\$) change in transportation distillate price (*PDSTR* in *NEMS*).

$$C(r)GTL: \quad WAGTLJ(r) = (1. - GTLLOSS) * \sum_{gtl} H(r)MPRF(gtl)$$

$$OBJ: \quad - cst * WAGTLJ(r)$$

### Equation 3

The mass balance equation for AMH Alaskan crude includes a gain due to mixing of GTLs during transport. This gain is accounted for in the Alaska North Slope oil stream [YAAMH5W].

$$CAAMH: \quad TAAMHTOT + GLTLOSS * TAGTLTOT = TAAMHXZ + YAAMH5W$$

### Equation 4

Since total North Slope Alaska crude does not consist totally of AMH crude, a separate variable (TANSOTOT) is created to represent total North Slope Alaska crude, as defined within the balance row (CANSOTOT). The corresponding TAPS transportation cost for North Slope crude is applied to the TANSOTOT variable. [Note: The OBJ row coefficient on the Y variable represents other transportation costs from Valdez to the PMM region V.]

$$CANSOTOT: TANSOTOT = TAAMHXZ + YAAMH5W - GLTLOSS * TAGTLTOT$$

$$OBJ: \quad - PRICNS * TANSOTOT$$

$$OBJ: \quad - coef * YAAMH5W$$

### Equations 5,6,7

Two row constraints account for maximum and minimum flow requirements on TAPS; and, 1 row constraint accounts for maximum NG production in Alaska for GTL use.

$$TAOILGTX: \quad TANSOTOT + TAGTLTOT \leq TAPSUL$$

$$TAOILGTN: \quad TANSOTOT + TAGTLTOT \geq TAPSL$$

$$TANGKGTX: \quad \sum_r \sum_s N(r)NGKN(s) \leq NGKUL$$

### Equations 8,9

Balance rows were defined for AMH and ALL Alaska crude.

$$CAAMHTOT: \quad TAAMHTOT = .9844 * PADCRQ1$$

$$CAALLTOT: \quad TAALLTOT = .0156 * PADCRQ1$$

### Equations 10-13

Other mass balance equations that intersect GTL vectors include mass balance for the GTL stream at the refinery [B(r)(gtl)], mass balance for the GTL stream generated in Alaska [H(r)(gtl)], mass balance for the Alaskan natural gas stream [H(r)NGK], and a capacity limit on the transportation mode (J) [TVPJCP]:

$$B(r)(gtl): \quad (1 - GTLLOSS) * H(r)MPRF(gtl) = \sum_{unt} \sum_{mod} R(r)(unt)(mod) + \sum_{prd} F(r)(prd)(gtl) + \sum_{prd} B(r)(prd)(gtl) + T(r)(gtl)(str)$$

$$H(r)(gtl): \quad \sum_{gtl} H(r)MPRF(gtl) = coef_{gtl} * \sum_{unt} \sum_{mod} H(r)(unt)(mod)$$

$$H(r)NGK: \quad \sum_s N(r)NGKN(s) = coef_{ngk} * \sum_{unt} \sum_{mod} H(r)(unt)(mod)$$

$$TVPJCP: \quad \dots + .002 * \sum_r WAGTL(r)$$

Where:

$R(r)(unt)(mod)$  Refinery unit (unt) operating level for mode (mod) in region (r)



*B(r)(prd)(gtl)*      Quantity of GTL (gtl) blended into motor gas. product (prd) in region (r)  
*F(r)(prd)(gtl)*      Quantity of GTL (gtl) blended into distillate product (prd) in region (r)  
*T(r)(gtl)(str)*      Quantity of GTL (gtl) transferred into blend component (str) in region (r)

### GTl in the PMM code

Four subroutines (CHGAKTRN, RFGTLCAP, RPTAKGTL, CHGTRANS) and a function (CUM\_AKNGCRV) in the refchg.f code define the model characteristics for GTL production in Alaska. In addition, subroutines ADDCAP and CHGBLDDLIM handle the PMM ability to specify which processing units are allowed to build. A set of data in the rinvest.txt data file define GTL parameters and control flags. The data are included below, followed by a list of the GTL variables defined.

In equations 1 and 4 above, the transport price along TAPS (PRICNS) is based on the fixed costs (TAP\_FIXCST) and variable costs (TAP\_VARCHG).

$$PRICNS = ( TAP\_FIXCST / (PIPOILNS + PIPGTLNS ) ) + TAP\_VARCHG$$

### GTl Data (from rinvest.txt, version 1.110)

#### PMM input data related to GTL

<b>Data:</b>		<b>Parameters related to GTL process</b>
<b>Variables:</b>	GTL_INCBLD -- incremental GTL output levels for building (Mbb/d)	
	GTL_FSTYR -- first possible start year for facility to come on-line	
	GTL_DCLCAPCST -- annual decline rate for capital recovery costs	
	GTL_DCLOPRCST -- annual decline rate for fixed operating costs	
<b>Source:</b>	Analyst judgment	

#### Notes:

@

50.0	GTL_INCBLD
2017	GTL_FSTYR
0.000	GTL_DCLCAPCST
0.000	GTL_DCLOPRCST

<b>Data:</b>		<b>Parameters related to TAPS volumes</b>
--------------	--	---

<b>Variables:</b>	TAP_MAXCAP -- maximum capacity on TAPS (Mbb/d)
	TAP_MINTHRU -- minimum economic throughput on TAPS (Mbb/d)
	TAP_MINSTVOL -- minimum incremental volume above min when subsidy nonzero (Mbb/d)
	TAP_PGTLOIL -- fraction of GTL volume transferred to oil in TAPS (fraction)

<b>Source:</b>	TAP_MAXCAP -- analyst's judgment
	TAP_MINTHRU -- analyst's judgment
	TAP_MINSTVOL -- analyst's judgment

TAP\_PGTLOIL -- analyst's judgment

Notes: Changes: 9-13-07 chgd TAP\_MINTHRU fr 300 to 200 Mbbbl/cd per  
P.Budzik,J.Benneche

@

3000.00 TAP\_MAXCAP  
200.00 TAP\_MINTHRU  
100.00 TAP\_MINSTVOL  
0.10 TAP\_PGTOIL

Data:

Parameters related to TAPS

costs/prices

Variables: TAP\_FIXCST -- fixed transportation cost on TAPS (1000 \$/day)  
TAP\_VARCHG -- variable transportation cost on TAPS (\$/bbl)  
TAP\_OILIFT -- assumed oil lifting cost in Alaska (\$/bbl)  
TAP\_OILADJ -- minimum upward adjustment of lift cost to set total costs (e.g.,  
including profit) (fraction)

Source: TAP\_FIXCST -- judgment based on Alaska Department of Natural Resources  
graph of tariff rates and volumes  
TAP\_VARCHG-- judgment based on Alaska Department of Natural  
Resources graph of tariff rates and volumes  
TAP\_OILIFT -- lifting cost for oil production in Alaska  
TAP\_OILADJ -- analyst's judgment

Notes:

TAPS transportation costs (PMM sets oceanic shipping costs elsewhere)

TAPS tariff = (fixed cost / throughput) + variable charge

throughput = oil prod + GTL prod (m bbl/d)

for build decision:

GTL prod = current CAPgtlms + GTL\_INCBLD

Oil prod = PCTAKAMH \* 1000\* ( XRFQTDCRD10 +XRFQTDCRD11 +  
XRFQTDCRD12 ) - QEXCRDIN

Oil prod = oil\_prod(t) \* ( oil\_prod(t) / oil\_prod(t-1) )\*\*3.

in general

GTL prod = current CAPGTLNS

Oil prod = oil\_prod(t) = PCTAKAMH\*RFQTDCRD\*1000 - QEXCRDIN

Parameters for calculating GTL subsidy from oil production

if (oil\_prod(t) .le. (TAP\_MINTHRU + TAP\_MINSTVOL))

thensubsidy = [(oil prod \* oil price) - (lift cost \* oil prod \* (1.+min add))] /GTL prod

@ year \$ value

1995 2055. TAP\_FIXCST

1995 0.90 TAP\_VARCHG

1999 10.00 TAP\_OILIFT

**GTL Variables****! PUT INTO PMMCOM1 INCLUDE**

CAPGTLNS(MNUMYR) ! TOTAL GTL CAPACITY (bbl/d)  
 TAP\_FIXCST ! FIXED TRANS CST ON TAPS, 1987 dollars  
 TAP\_VARCHG ! VAR TRANS CST ON TAPS, 1987 dollars/BBL  
 TAP\_OILIFT ! ASSUMED OIL LIFTING CST IN AK, 1987 dollars/BBL  
 TAP\_OILADJ ! MIN UPWARD ADJ OF LIFT CST, 1987 dollars/bbl  
 TAP\_MAXCAP ! MAX CAP ON TAPS, MMBBL/D  
 TAP\_MINTHRU ! MIN ECONOMIC THROUGHPUT ON TAPS, MMBBL/D  
 TAP\_MINSTVOL ! MIN INCR VOL ABOVE MINTHRU, MMBBL/D  
 GTL\_INCBLD ! INCR GTL OUTPUT BLD LEVEL, MBBL/D  
 PMMCAPI(MNUMPR,PUNITSN) ! INITIAL REF UNIT CAPACITY, MBBL/D  
 GTL\_FSTYR ! FIRST POSSIBLE START YR FOR GTL BLD, 4-digit  
 GTLCAP(MNUMPR,MJUMPYR) ! GTL capacity (Mbbbl/CD)  
 GTLGEN(MNUMPR,MJUMPYR) ! GTL operating level (Mbbbl/CD)  
 GTLUTZ(MNUMPR,MJUMPYR) ! GTL utilization  
 Q\_GTLPRD(MNUMPR,MJUMPYR) ! QTY liquids produced from GTL  
 Q\_GTLGAS(MNUMPR,MJUMPYR) ! QTY gas used for GTL

**! PUT INTO PMMOUT INCLUDE**

AKGTL\_NGCNS(MNUMYR)! CONSUMP OF NG IN AK FOR GTL PROD, Bcf  
 AKGTLPRD(MNUMYR) ! GTL PRODUCTION IN AK, Bbl/d  
 AKGTLEXP(MNUMYR) ! AK GTL EXPORTS, Bbl/d

**! PUT INTO OGSMOUT INCLUDE**

AKNG\_SUPCRV(3,2,mnumyr) ! ALASKA NG SUPPLY CURVE, 1987 dollars/mcf, bcf  
 ! where (x,1,y) is price, (x,2,y) is quantity

**F.18 CTL Representation in PMM**

The coal-to-liquids (CTL) process has been updated in the PMM for *AEO2008* and all future analyses. The previous model was based on the Mitretek Technical Report: Coproduction: A Green Coal Technology, by David Gray and Glen Tomlinson, March 2001. The new model is based on a more recent report by the National Energy Technology Laboratory entitled: Affordable, Low-Carbon Diesel Fuel from Domestic Coal and Biomass (DOE/NETL-2009/1349), supplemented with information from a number of other studies. This latest report contains more up-to-date projections for the cost and performance of CTL plants. In addition, the old and current analyses differ in their design basis. The Mitretek analysis assumes the CTL plant will co-produce

both liquid fuels and significant export power; whereas the recent report by NETL (as adapted into the PMM) assumes the CTL plant maximizes the production of liquid fuels, and a smaller amount of excess power is exported to the electric grid. In addition to the liquid output, the current CTL unit produces a carbon dioxide stream (CAC and CEC), which can either be released to the atmosphere, or processed by a special unit (CCC) that compresses and otherwise prepares it for transfer and storage. An assumption has been made that at least 15% of the CO<sub>2</sub> produced can not be captured and is released to the atmosphere with other exhausts. The remaining 85% of the CO<sub>2</sub> can either be transported for sale or sequestration (modeled as a supply curve), or released to the atmosphere, based on an economic decision.

The CTL facility modeled is capable of processing 23,141 TPD bituminous coal (e.g., Illinois Basin) with an energy content of 26.252 MM Btu/ton (dry), and produces 50,000 BPD of liquid hydrocarbons and 300 MW net power for sale to the grid. The liquid product consists of 43% naphtha, which can be sold as a petrochemical feedstock for the production of ethylene and propylene, and 57% distillate, which is marketed as clean-burning diesel fuel. For other feedstocks to the CTL plant, product yields are adjusted based on the energy content of the coal. The capacity factor (or utilization rate) for the CTL facility is assumed to be 85 percent. CTL facilities are assumed to be located at a site near the representative refinery in each PMM refining region. Thus, coal feed is delivered to the CTL plant and liquid products are transported at a small cost to downstream industries.

Cogeneration is accounted for at the CTL facility as a function of the liquids produced. The cogenerated (cogen) electricity is partially consumed in the facility, while the net cogen is assumed to be sold to the grid at wholesale market prices (EWSPRCN, 87\$/MWh, from the EMM). The revenue from cogen sales is treated as a credit by the model to offset the costs (feedstock, fixed, and operation costs) of producing CTL “liquids.” The annualized transmission cost for cogen sent to the grid is accounted for in the operating cost of the CTL facility. The coal types consumed at the CTL facilities in the PMM are defined by the Coal Market Module (CMM) and are based on economic availability. The following links between coal supply regions and PADD regions define the coal supply options available for CTL facilities.

PADD I	N. Appalachian
PADD II	Western Montana, Wyoming Powder River Basin, Eastern Interior
PADD III	Rocky Mountain, Wyoming Powder and Green River Basin
PADD IV	Dakota Lignite, Powder and Green River Basin
PADD V	Western Montana, Powder and Green River Basin

A set of 40 coal supply curves are defined in the CMM, each representing a combination of supply regions, coal rank (bituminous, sub-bituminous, lignite, and premium), sulfur content (compliance/low, medium, high), and mining type (deep, surface, above ground, underground).

These curves are linked to 14 coal demand regions, which are linked to the five PADDs, as follows:

PADD I	coal demand region 2
PADD II	coal demand region 6
PADD III	coal demand region 10
PADD IV	split 50/50 between coal demands regions 9 and 11
PADD V	coal demand region 14

The final quantity of coal demanded is aggregated at the PADD level (Q\_CTLCOAL) and sent back to the CMM for feedback.

The Mansfield-Blackman model for market penetration has been incorporated to limit penetration of this technology to a rate consistent with other new technologies of high complexity and high capital costs.<sup>F-30</sup> The indices associated with this modeling algorithm are user inputs that define the characteristics of the CTL process. They include an innovation index of the industry (IINDEX), the relative profitability of the investment within the industry (PINDEX), the relative size of the investment (per plant) as a percentage of total company value (SINVST), and a maximum penetration level (total number of units, CTLBLDX). The PMM assumes planned capacity of 29.6 Mbbl/cd of CTL in PADD 3 (Gulf) beginning in 2015.

Capital costs for the CTL facility are based on the cost information (fixed charges and other operating costs) provided in the NETL report, adjusted to be consistent with the costing and financial assumptions and methods used throughout the PMM. Process contingencies were also added to the plant cost estimate to reflect the complexity of the highly-integrated CTL plant and the current state of development and demonstration of the reactor technology used to produce the liquid products. To represent cost improvements over time (due to learning), a decline rate of 0.5% (CTL\_DCLCAPCST) is applied to the original CTL capital costs after builds begin. However, once the capacity builds exceed 200,000 bbl/cd, a supplemental algorithm is applied to increase costs in response to impending resource depletions (such as competition for water). The basic algorithm is defined in a memorandum from Andy Kydes (EIA) to William Brown (EIA), entitled "CTL run-- add to total CTL CST in ADJCTLCST sub," dated September 29, 2006. Coefficients in the algorithm that were actually used in the model were modified to speed up the dampening effect on CTL builds. The final algorithm is:

$$CSTADD = 15 * \tan H(0.4 * \max(0., ((CTLPRODC / 0.2) - 1.)))$$

---

<sup>F-30</sup> E. Mansfield, "Technical Change and the Rate of Imitation," *Econometrica*, Vol. 29, No. 4 (1961), pp. 741-765.

A.W. Blackman, "The Market Dynamics of Technological Substitution," *Technological Forecasting and Social Change*, Vol. 6 (1974), pp. 41-63.

Where:

CTLPRODC is the CTL production (million BPD) in the previous period, and CSTADD is the added cost (\$87/bbl).

In addition to these cost assumptions, EPACT2005 permits the gasifier component of the CTL facility to receive a credit up to a total of 350 MM\$ (2006). This is modeled in the PMM by using a separate representation (CTZ) for the CTL processing units allowed to claim the credit.

Assuming that the gasification costs are about 35% of total CTL costs, and the EPACT2005 credit is 20% of the gasification component, the credit was estimated to be 7% of the model's capital recovery cost. The dollar limit was used as an upper limit for CTZ capacity builds.

Currently, carbon dioxide emissions are handled by the NEMS integrating model by applying a CO<sub>2</sub> emissions coefficient to the coal consumed by the CTL unit.

### CTL and the LP Matrix

The following LP variables are directly related to CTL production, transport, and accounting:

#### Rows:

C(r)CTLTOT	Total CTL liquids produced for refinery (1000 bbl/cd)
C(r)CTL(liq)	CTL liquids produced for refinery (1000 bbl/cd)
E@CTXMBX	Totals CTL capacity built in a forecast year (national) (1000 bbl/cd)
E@CTZEPC	Cumulative total CTL capacity built with EPACT2005 gasifier credit (1000 bbl/cd)
L(r)CTXCAP	CTL capacity balance net of incentive builds (1000 bbl/cd)
L(r)CTZCAP	CTL capacity balance from incentive builds (1000 bbl/cd)
H(r)(liq), B(r)(liq)	CTL liquids balance (1000 bbl/cd)
H(r)CAC, H(r)CEC	CO <sub>2</sub> balance from CTL production to atmosphere, to compression (M s-ton/cd)
H(r)BIT	Coal (into CTL unit) balance (1000 MMBtu/cd)
CL(cdm)CTL	Coal balance between coal demand region and refinery regions (1000 MMBtu/cd)
S_CL(ccv)(ct)(st)	Coal balance for each supply curve into coal demand regions (1000 MMBtu/cd)
SO <sub>2</sub> _CTL_1	SO <sub>2</sub> emissions from coal for emissions allowance (1000 tons SO <sub>2</sub> /cd)
SO <sub>2</sub> _CTL_2	SO <sub>2</sub> emissions from coal for emissions allowance (1000 tons SO <sub>2</sub> /cd)
HG_CTL_U	Mercury emission from coal for emissions allowance (1/1000 tons/cd)
A(r)CTXGRD	Accounting row for electricity from CTL cogen sent to grid (MWh/cd)

#### Columns:

B(r)(gaso)(liq)	CTL liquids blended into gasolines (M bbl/cd)
F(r)(dist)(liq)	CTL liquids blended into distillates (M bbl/cd)

	[DSL, DSU, JTA, N2H]
K(r)CTXCAP	Existing CTL processing unit capacity, =0 (M bbl/cd)
E@CTXINV	Total CTL capacity built in 1 forecast year (national), with UL set by M-B penetration algorithm (M bbl/cd)
E(r)CTXINV	CTL processing unit additions (M bbl/cd)
L(r)CTXBLD	Cumulative CTL unit additions (M bbl/cd)
H(r)CTX(mod)	Operating level for CTL (M bbl/cd)
K(r)CTZCAP	Existing planned CTL processing unit capacity, =0 (M bbl/cd)
E(r)CTZINV	Planned CTL processing unit additions (M bbl/cd)
L(r)CTZBLD	Cumulative planned CTL unit additions (M bbl/cd)
H(r)CTZ(mod)	Operating level for planned CTL (M bbl/cd)
R(r)(unt)(mod)	New mode to process liquids from CTL units (M bbl/cd)
H(r)MPRF(liq)	Vol of CTL liquids transferred to refinery (M bbl/cd)
H(r)MPWH(liq)	CTL liquids sold wholesale to market (M bbl/cd) [DSU, PCF]
Z(r)CACATM	CO <sub>2</sub> from CTL released to atmosphere (1000 metric ton CO <sub>2</sub> /cd)
Z(r)CECCPR	CO <sub>2</sub> from CTL compressed, ready for transport/sequestration (1000 metric ton CO <sub>2</sub> /cd)
N(r)BITN1	Coal supplied to refinery region for CTL processing (1000 MMBtu coal/cd)
N(r)BITXX	Seeded demand (=0.1 MMBtu/cd) to activate flow to all PADDs (for marginal pricing)
CT(ccv)(cdm)(ct)(st)	Coal transferred from coal supply curve to coal demand region (1000 MMBtu/cd)
CP(ccv)(ct)(st)(step)	Steps on coal supply curve (1000 MMBtu/cd)
CP(ccv)OTXX	Non-refinery coal demand (not PMM demand) (1000 MMBtu/cd)

Where:

r	= PMM refinery region
unt	= Processing unit (CTX, CTZ)
mod	= Operating mode of unt
liq	= Liquid stream produced by CTL unit
step	= Step on supply curve
cdm	= Coal demand region (1-14)
ccv	= Coal supply curve number (1-40)
ct	= Coal type (rank), bituminous, sub-bituminous, lignite, and premium)
st	= Coal sulfur, compliance/low, medium, high

The following equations define the relationship between the variables defined above as related to CTL production.

**Coal supply mass balance:**

**Equations 1, 2, 3**

The coal consumed at the CTL units (including planned units) to produce liquids (by region/aggregate coal type) (plus a small seeded demand) plus coal consumed by other PMM processing units (eg, CBTL units, H(r)CBLE20 ) must be less than or equal to the coal supplied to the refinery region.

$$H(r)BIT: \quad \sum_{mod} c1 * H(r)CTX(mod) + \sum_{mod} c1 * H(r)CTZ(mod) + N(r)BITXX + \\ c2 * H(r)CBLE20 \quad \leq \quad N(r)BITNI \\ [1000MMBtu/cd]$$

The coal supplied to the refinery region for CTL production must be less than or equal to the mix of coal supplied to the coal demand region.

$$CL(cdm)CTL: \quad \sum_{r \in cdm} N(r)BITNI \leq \sum_{ccv} \sum_{ct} \sum_{st} CT(ccv)(cdm)(ct)(st) \\ [1000MMBtu/cd]$$

The coal (a specific curve, rank, sulfur) supplied to the coal demand region plus the coal (same curve, rank, sulfur) demanded by non-refinery consumers must be less than or equal to the corresponding coal supply curve.

$$S\_CL(ccv)(ct)(st): \quad \sum_{cdm} CT(ccv)(cdm)(ct)(st) + CP(ccv)OTXX \leq \sum_s CT(ccv)(ct)(st)(s) \\ [1000MMBtu/cd]$$

Liquids production mass balance:

**Equations 4, 5**

Liquids produced at the CTL unit must equal the liquids transferred to the refinery or directly to market (by region and liquid type). CTL liquids transferred to the refinery are either consumed by other processing units, blended into motor gasoline, or blended into distillates (by region and liquid type).

$$H(r)(liq): \quad \sum_{mod} c2 * H(r)CTX(mod) + \sum_{mod} c2 * H(r)CTZ(mod) = \\ [1000 bbl/cd] \quad H(r)MPRF(liq) + H(r)MPWH(liq)$$

$$B(r)(liq): \quad H(r)MPRF(liq) = \sum_{dist} F(r)(dist)(liq) \quad <distillates > \\ [1000bbl/cd]$$

or

$$H(r)MPRF(liq) = \sum_{mgas} B(r)(mgas)(liq) + \sum_{unt} \sum_{mod} R(r)(unt)(mod) \quad <mogas >$$

CTL operating/capacity balance and penetration limit:

**Equations 6, 7, 8**

Total operating level of CTL must equal the operating level of existing CTL capacity, newly added capacity, and cumulative added capacity. Total operating level cannot exceed upper bounds on existing, newly added, and cumulative added capacity (by region).



For unt=CTX, CTZ only

$$L(r)(unt)CAP: \quad \Sigma_{mod} H(r)(unt)(mod) = K(r)(unt)CAP + cf*E(r)(unt)INV + \\ cf*L(r)(unt)BLD \\ [1000bbl/cd]$$

Newly added CTL (plus the new CBTL) capacity is limited to a national level defined by the M-B penetration algorithm, set as the upper limit on the “total capacity” variable (E@CTXINV).

$$E@CTXMBX: \quad E@CTXINV = \Sigma_r E(r)CTXINV + \Sigma_r E(r)CTZINV + \\ \Sigma_r L(r)CTXBLD + \Sigma_r L(r)ZCTZBLD + \\ \Sigma_r K(r)CTXCAP + \Sigma_r K(r)CBLCAP + \Sigma_r \\ E(r)CBLINV + \Sigma_r L(r)CBLBLD \\ [1000bbl/cd]$$

The total CTL units built that received the EPACT2005 gasifier credit must be less than or equal to the total possible capacity that reflects the maximum national credit of \$350 MM (2006).

$$E@CTZEP: \quad E(r)CTZINV + L(r)CTZBLD \leq RHS_{ctz} \\ [1000bbl/cd]$$

Total CTL liquids and electricity produced:

**Equations 9,10,11**

The electricity from cogeneration sold to the grid is accounted for with the variable H(r)CTXKWH, which also intersects the objective function to account for sales credit.

$$A(r) CTXGRD: \quad \Sigma_{mod} H(r)CTX(mod) + H(r)CTZ(mod) = H(r)CTXKWH \\ (1000 KWh/cd)$$

These unconstrained rows total CTL liquids produced (by region) and (by region and liq type), for reporting.

$$C(r)CTLTOT: \quad \Sigma_{liq} H(r)MPRF(liq) \\ (1000 bbl/cd)$$

$$C(r)CTL(liq): \quad H(r)MPRF(liq) \\ (1000 bbl/cd)$$

Objective function:

**Equation 12**

A credit is put in the objective function, attached to the CTL operating variable, to account for cogen produced at the CTL and sent to the grid. A cost is added to the objective function, attached to the transfer variables H(r)CTX(mod) and H(r)CTZ(mod), to account for the transfer tariffs from CTL facility to refinery. Variable operating costs and capital investment costs are included in the objective function for the E, L, and H variables. The cost of coal on each supply step is

included in the objective function. Also included is the cost to transport the coal to each coal demand region.

$$\begin{aligned}
 OBJ: & \quad \Sigma_{mod} \Sigma_r CgnCredit * H(r)CTXKWH \\
 & [1000\$/cd] \\
 & + \Sigma_{liq} tariff\_liq * H(r)MPRF(liq) \\
 & + inv\_cst * E(r)CTXINV + inv\_cst * L(r)CTXBLD \\
 & + inv\_cst * E(r)CTZINV + inv\_cst * L(r)CTZBLD \\
 & + \Sigma_s \Sigma_{ccv} \Sigma_{ct} \Sigma_{st} coal\_csts,ccv,ct,st * CP(ccv)(ct)(st)(s) \\
 & + \Sigma_{ccv} \Sigma_{cdm} \Sigma_{ct} \Sigma_{st} c\_tariff\_csts,ccv,ct,st * CT(ccv)(cdm)(ct)(st)
 \end{aligned}$$

Where:

$$\begin{aligned}
 CogenCredit & = RFEWSPRCN(J,N)/1000. \\
 & (87\$/bbl liq) \\
 coal\_cst & = from CMM coal supply curves [XCL_PECF] \\
 & (87\$/MM Btu coal) \\
 tariff\_liq & = from CMM [P_CTLTRN] \\
 & (87\$/bbl liq) \\
 inv\_cst & = calculated in refchg.f from investment data (includes annualized transmission \\
 & cost for \\
 & (87\$/bbl liq) \\
 & cogen to grid from CTL facility) (see Appendix F.1) \\
 c\_tariff\_cst & = from CMM [-CTL_TRATE(CRV,CRG) * \\
 & XCL_ITESC(CRV,PYR,CURIYR,CRG)] \\
 & (87\$/bbl liq)
 \end{aligned}$$

#### Updates to the PMM code

Four subroutines (CHGCTLCOEF, PMMCTL\_BLDLIM, CTL\_COAL, and RPTRFCTL), along with other minor changes in the refchg.f code, help to model the current CTL representation in the PMM. In addition, the rinvest.txt data file contains CTL related data, parameters, and control flags used to define costs and other CTL components. The CTL data are included in the Attachment at the end of this section. Other coal related data used with CTL production are provided by the CMM.

The PMMCTL\_BLDLIM subroutine sets the maximum build allowances for two classifications of CTL units (represented as CTX and CTZ in the model). The CTZ classification is allowed to receive a credit for the gasification component costs within the CTL unit, but only up to a maximum of \$350 MM (2006\$). This maximum credit is translated into a maximum CTZ capacity, as defined in the constraint row E@CTZEPC. In addition, a maximum build allowance for total CTL capacity (CTX + CTZ) is determined using the Mansfield-Blackman model for

market penetration. It tracks the number of units built nationally to determine the maximum penetration allowed for the next build cycle. This is applied to the variable E@CTXINV which is defined in the equality row E@CTXMBX.

The CHGCTLCOEF subroutine calls the CTL\_COAL subroutine and updates the relevant CTL coefficients with data provided by the CMM and the EMM. These include the coal supply curves' price and quantity levels, the tariff associated with transferring the coal from the supply regions to the coal demand regions, the credit and transmission costs for cogenerated electricity sent to the grid, and the tariff for transferring CTL liquids to the refinery. In addition, emissions allowances from coal production are modeled for SO<sub>2</sub> and mercury.

The RPTRFCTL report subroutine retrieves CTL solution results from the LP matrix and stores them into special variables -- some are passed to the CMM or to FTAB for reporting, while others are used in the PMM output tables (pmmrpts.txt). These include:

CLMINEP(mnumpr,mnumyr) ! minemouth CTL coal pr (87\$/ton)  
 CTL\_CGCGD(mnumpr,mnumyr) ! CG cap from CTL--to grid (MW)  
 CTL\_CGGGD(mnumpr,mnumyr) ! CG gen from CTL--to grid (1000 KWh/cd)  
 P\_CTLCOAL(mnumpr,mnumyr) ! PR coal used for CTL (87\$/ton)  
 Q\_CTLCOAL(mnumpr,umnumyr) ! QTY coal used for CTL (M ton/cd)  
 Q\_CTLPRD(mnumpr,mnumyr) ! QTY liquids produced from CTL (M bbl/cd)  
 CTLFRAC(4,mnumpr,mnumyr) ! QTY of liquids produced from CTL (M bbl/cd)  
 QCLRFPD(mnumpr,mnumyr) ! Quantity of coal for CTL (trillion Btu)  
 PCLRFPD(mnumpr,mnumyr) ! Pr coal for CTL (87\$/MM Btu)  
 RFCTLPRD(mnumyr) ! Quantity of liquids from coal (1000 bbl/cd)  
 RFCTLWH(mnumyr) ! Quantity of liquids from coal to market (1000 bbl/cd)  
 RFCTLLIQ(CTL\_LIQNCL) ! QTY of each liquid from coal (1000 bbl/cd)

Within the existing RFUPD8\_INV subroutine, an annualized transmission cost for sending cogen to the grid (two charge factors provided by the EMM: TRCTLOVR, TRCTLCF) was added to the cost coefficient.

(Note: The cogen from CTL was put into the "other" category in the variables CGREQ, CGRECAP, CGREGEN, but classified as coal for ftab reporting.)

### CTL Data in the rinvest.txt (version 1.99) input file

#### PMM input data related to CTLs-- Coal-to-Liquids

Data:		Parameters related to CTL process
Variables:	CTL_INCBLD -- Incremental CTL output levels for building (Mbb/d)	
	CTL_FSTYR -- First possible start year for facility to come on-line	
	CTL_DCLCAPCST -- Annual decline rate for capital recovery costs	
	CTL_DCLOPRCST -- Annual decline rate for fixed operating costs	

CTL\_BASHHV,dry-- Coal HHV (mmBTU/ton)-- use dry because CTL yields based on dry

CTL\_BASSIZ -- CTL base size (1000 bbl/cd liq output)  
CTL\_BASCOL -- CTL base coal consump (1000 tons/cd) -- bituminous  
CTL\_BASCGS -- CTL base cogen to self (MW)  
CTL\_BASCGG -- CTL base cogen to grid (MW)  
CTL\_BASCGF -- CTL base cogen capacity factor  
CTL\_NAM -- Coal type ID for CTL  
CTL\_CSELAS -- Elasticity for coal supply curve, by coal type  
CTL\_CO2FAC -- lbs CO<sub>2</sub> emitted/bbl liq produced  
CTL\_CGNFAC -- Fac to est elec cogen to Grid fr CTL (KWh/bbl liq)  
CTL\_CSTFAC -- Fac to adj CTL cap/op cost based on coal type (10% for  
LIG, SUBBIT vs BIT)  
CTL\_CLHHV -- Coal HHV (mmBTU/ton)  
P\_CTLTRN -- Cost to transport CTL liq from facility to refinery (\$/bbl)  
CTL\_LIQNAM -- Name of liq streams from CTL process  
CTL\_PLNBLD -- CTL planned build series (cum # of units at base size)

\*\*\*\*Investment info from "Coproduction: A Green Coal Technology" Mitretek

CTL\_YRCST -- Year \$ for investment costs  
CTL\_NFOPCST -- Non-fuel operating costs (MM\$/yr)  
CTL\_CAPREQ -- Total capital requirement (MM\$)  
CTL\_FXREC -- Fixed cost recovery factor (rate)

\*\*\*\*Mansfield-Blackman model variables\*\*\*\*

CTLMB\_SW -- Switch to apply M-B model to max bld (1=yes)  
CTLBLDX -- Max CTL penetration  
IINDX -- Innovation index  
PINDX -- Relative profitability ratio  
SINVST -- Investment ratio

Source: Analyst's judgment

Notes:

CTL cost factors (do not use refinery ones listed at top of file)  
CTL\_BLDYRS, CTL\_OSBL,  
CTL\_PCTENV, CTL\_PCTCNTG, CTL\_PCTLND, CTL\_PCTSPECL, CTL\_PCTWC  
CTL\_STAFF\_LCFAC, CTL\_OH\_LCFAC

Source: J.Marano, AltFuels Submod Templates 072607.xls  
@ ! except OSBL, all as percent of Total Field Cost (FDC)  
4 ! Construction years (updated 9-05-07)  
15 ! Project life  
0.00 ! ratio OSBL/ISBL

10.0 % !@! Home Office +Contractor's fee  
 10.0 % ! Contractor's +Owners Contingency (updated 9-05-07)  
 4.0 % ! Land  
 5.0 % ! Prepaid Royalties &License +Start-up costs  
 10.0 % ! Working Capital  
 55.0 % ! Supervisory & other Staffing (% of Op Labor)  
 39.0 % ! Benefits and other OH (% of Op Labor + Staffing)  
 @ ! other CTL control data  
 2015 CTL\_FSTYR  
 50.0 CTL\_INCBLD (Mbbbl/cd of liq produced), New 7-18-07 JMarano  
 0.005 CTL\_DCLCAPCST (fraction)  
 0.000 CTL\_DCLOPRCST (fraction)  
 26.252 CTL\_BASHHV (mmBtu/ton coal)  
 50.00 CTL\_BASSIZ (1000 bbl/cd liq produced)  
 544.8 CTL\_BASCGS (MW per year), New 7-26-07 fr JMarano  
 300.0 CTL\_BASCGG (MW per year), New 7-26-07 fr JMarano

Note: CTL\_INVLOC based on INVLOC, except padd 3 set to 1.0 (vs 0.775)  
 and CTL\_CSTFAC no longer used@ CTL\_CO2FAC CTL\_CSTFAC CTL\_INVLOC (added 7-24-07)

3  
 BITE 0.000 1.000 1.16  
 BITC 0.000 1.000 1.00  
 BITG 0.000 1.000 1.00  
 BITM 0.000 1.000 1.08  
 BITW 0.000 1.000 1.15

Cumulative planned CTL builds (cum capacity Mbbbl/day)

@  
 REG YEAR CAP  
 3 2014 29.6  
 1 0000 0.0 ! use year 0000 to end loop

Source: Original Memo from Andy S. Kydes, March 23, 2002  
 "Development of a model for optimistic growth rates for the coal-to-liquids (CTL) technology in NEMS"  
 Adjustments made for AEO2012

@ Parameters for Mansfield-Blackman model for CTL bld series  
 1 ! CTLMB\_SW: switch to apply M-B model to max bld (1=yes)  
 10.0 ! max number of CTL unit blds allowed (not capacity)  
 -0.64 ! I: innovation index

0.95 ! Pr: relative profitability ratio  
2.00 ! SI: size of investment ratio

## F.19 Petroleum Coke Gasification Representation in PMM

The coke gasification processing unit represented in the PMM was designed by NETL, as described in their document to EIA, "Refinery Technology Profiles: Gasification and Supporting Technologies," June 2003.<sup>F-31</sup> NETL carried out extensive research on the gasification process and the PMM model design to generate data tables that realistically represented the coke gasification process (with a combined heat/power (CHP) option) that fit into the PMM process data structure. The data tables were reviewed and modified slightly by EIA to better integrate it into the PMM LP structure. The original design allowed either petroleum coke feed or asphalt feed; however, only the coke feed design was adapted into the PMM due to competition issues between the coke and asphalt feeds.

The coke gasification unit is designed to gasify high-sulfur petroleum coke to produce either synthetic gas (SGS) or hydrogen (and synthetic gas). In order to properly represent the difference in investment costs between hydrogen and syngas production, separate gasification units are modeled in the LP (identified as GSH and GSF, respectively). The product hydrogen is put into a pool stream to be used by other processing units at the refinery. The product synthetic gas (with natural gas backup) is routed through a combined heat and power (CHP) unit to produce both steam and electricity, or electricity only. Based on NETL research, the CHP unit assumes a syngas to natural gas consumption ratio of 90:10 during a typical year. Also, a grid/self split was defined in the PMM input files to track the destination of cogen electricity produced by the CHP. The byproduct H<sub>2</sub>S is also produced for all options and sent to an H<sub>2</sub>S pool.

The design size of the coke gasification unit was set to 2000 short tons of coke feed per calendar day (s-tons/CD), at an ISBL cost of \$160MM (syngas) and \$194MM (hydrogen), in 1993\$. The ISBL cost for the CHP was set to \$134.9MM (1993\$), for a standard 8.11 bbl FOE/cd (2044 MM BTU/cd) syngas/natural gas throughput. Regional starting capacity for the coke gasification units are presented below. The capacity factor (or utilization rate) was assumed to be 0.85 for the gasification units and 0.96 for the CHP unit.

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<sup>F-31</sup> Hohn, Marano, Ph.D., "Refinery Technology Profiles: Gasification and Supporting Technologies," National Energy Technology Center, for DOE/EIA, June 2003.

Starting Coke Gasification Unit Capacities by PADD						
	I	II	III*	IV	V	
<b>GSF</b>	0.00	1.10	0.123	0.00	0.00	(M s-tons/cd)
<b>GSH</b>	1.80	0.17	0.00	0.00	0.00	(M s-tons/cd)
<b>CHP</b>	2.10	0.21	0.50	0.00	0.00	(M bblFOE/cd)

\* Minimally defined capacity to prevent infeasibility

### Mathematical Representation of Coke Gasification Process in the PMM

The coke gasification process added to the PMM consumes high-sulfur petroleum coke (CKH-- typically from the delayed or fluid coker at the refinery) and produces hydrogen (HYH) and/or syngas (SGS) [and some hydrogen sulfide (H2S)]. The HYH and H2S are consumed or processed at the refinery, while the SGS (with natural gas as the backup fuel 10% of the year) is sent to the combined heat/power (CHP) unit to generate steam (STM) and/or electricity (KWH). Some of the electricity is sold to the grid, with the remaining consumed at the refinery. The LP variables and constraints created or modified to represent this entire process are presented below:

#### Definitions:

GSF	= Coke gasifier unit producing synthetic gas
GSH	= Coke gasifier unit producing hydrogen
CHP	= Combined heat and power unit
CK1, CK2	= Operating modes for coke gasifier units
CKH	= High sulfur petroleum coke
SGS	= Synthetic gas
NGS	= Natural gas
HYH	= Hydrogen (high quality)
H2S	= Hydrogen sulfide
FUL	= Combined fuel pool
KWH	= Electricity
STM	= Steam
OVC	= Variable operating costs
FXOC	= Fixed operating costs
INVST	= Capital investment costs
OBJ	= Objective function row
R-var	= LP column variable for unit operating level
X-var	= LP column variable representing coke sent to meet demand
K-var	= LP column variable for unit operating level of initial capacity
E-var,L-var	= LP column variable for unit operating level of new capacity
m, mod	= Operating mode

- c = Coefficient (all unique values)  
r = PMM refinery regions (PADD)  
d = Census demand regions

**Stream/Utility Balance Rows:**

These constraints require the supply levels for a stream to equal the demand levels for that stream, within each refinery region (r). This applies to coke (CKH), syngas (SGS), natural gas (NGS), hydrogen (HYH), hydrogen sulfide (H2S), fuel (FUL), electricity (KWH), and steam (STM).

$$B(r)CKH: \quad \sum_m c * R(r)KRD(mod) \quad - R(r)GSFCK1$$

$$[M \text{ s-ton/cd}] \quad + \sum_m c * R(r)KRF(mod) - R(r)GSHCK2$$

$$- c * X(r)CKHCOK = 0$$

$$B(r)SGS: \quad \quad \quad c * R(r)GSFCK1 \quad \quad \quad - \sum_m c * R(r)CHP(mod)$$

$$[M \text{ bbl FOE/cd}] \quad + c * R(r)GSHCK2 \quad \quad \quad = 0$$

$$B(r)NGS: \quad \quad \quad \sum_m c * R(r)CHP(mod) \quad \quad \quad = 0$$

$$[M \text{ bbl FOE/cd}]$$

$$B(r)HYH: \quad \quad \quad + c * R(r)GSHCK2 \quad \quad \quad = 0$$

$$[M \text{ bbl FOE/cd}]$$

$$B(r)H2S: \quad \quad \quad + c * R(r)GSFCK1 \quad \quad \quad + c * R(r)GSHCK2 \quad \quad \quad = 0$$

$$[M \text{ bbl FOE/cd}]$$

$$B(r)FUL: \quad \quad \quad - c * R(r)GSHCK2 \quad \quad \quad = 0$$

$$[M \text{ bbl/cd}]$$

$$U(r)KWH: \quad \quad \quad - c * R(r)GSFCK1 \quad \quad \quad - c * R(r)GSHCK2$$

$$[MWh/cd] \quad \quad \quad \quad \quad \quad + \sum_m c * R(r)CHP(mod) \quad \quad \quad = 0$$

$$U(r)STM: \quad \quad \quad c * R(r)GSFCK1 \quad \quad \quad - c * R(r)GSHCK2$$

$$[M \text{ lb/cd}] \quad \quad \quad \quad \quad \quad + c * R(r)CHPCOI \quad \quad \quad = 0$$

**Capacity expansion/investment rows:**

Capacity constraints are defined for the GSF, GSH, and CHP units. These constraints require the total operating level of each unit to be less than or equal to the total available capacity (existing + new). The accounting row (A(r)CHPCGN) keeps track of total electricity generated by the CHP unit in each refinery region. The P(r)OVC row accumulates the OVC for each processing unit (defined in 2000 year dollars) and uses the variable T(r)OVCOBJ to convert to 87\$ and put into the objective function. The FXOC and INVST rows are accounting rows for PMM reports. The objective function row (OBJ) includes the investment costs for the new processing units.

$$L(r)GSFCAP: \quad \quad \quad c * R(r)GSFCK1 \quad \quad \quad - K(r)GSFCAP$$

$$[M \text{ s-tons/cd}] \quad \quad \quad c * E(r)GSFINV \quad \quad \quad - c * L(r)GSFBLD \leq 0$$

$$L(r)GSHCAP: \quad \quad \quad c * R(r)GSHCK2 \quad \quad \quad - K(r)GSHCAP$$

$$[M \text{ s-tons/cd}] \quad \quad \quad c * E(r)GSHINV \quad \quad \quad - c * L(r)GSHBLD \leq 0$$

$$L(r)CHPCAP: \quad \quad \quad \sum_m c * R(r)CHP(mod) \quad \quad \quad - K(r)CHPCAP$$

$$[M \text{ bbl FOE/cd}] \quad c * E(r)CHPINV \quad \quad \quad - c * L(r)CHPBLD \leq 0$$



$$\begin{aligned}
A(r)CHPCGN: & \quad \Sigma m c^* R(r)CHP(mod) & \quad (accounting \ row) \\
[MWh/cd] & & \\
P(r)OVC: & \quad c^* R(r)GSFCK1 & \quad - c^* R(r)GSHCK2 \\
[M \$2000/cd] & \quad - \Sigma m c^* R(r)CHP(mod) & \quad + c^* T(r)OVCOBJ & \quad = 0 \\
A(r)FXOC: & \quad + c^* E(r)CHPINV & \quad + c^* L(r)CHPBLD & \quad (accounting \ row) \\
(A@FXOC, \Sigma_r) & \quad + c^* E(r)GSFINV & \quad + c^* L(r)GSFBLD \\
[M \$87/cd] & \quad + c^* E(r)GSHINV & \quad + c^* L(r)GSHBLD \\
A(r)INVST: & \quad + c^* E(r)CHPINV & \quad + c^* E(r)GSFINV & \quad (accounting \ row) \\
(A@INVST, \Sigma_r..) & \quad + c^* E(r)GSHINV \\
[M \$87/cd] & & \\
OBJ: & \quad \Sigma_r [ - c^* E(r)CHPINV - c^* L(r)CHPBLD \\
[M \$87/cd] & \quad - c^* E(r)GSFINV & \quad - c^* L(r)GSFBLD \\
& \quad - c^* E(r)GSHINV & \quad - c^* L(r)GSHBLD \\
& \quad + \Sigma m c^* R(r)CHP(mod) ]
\end{aligned}$$

**Bounds put on the following variables:**

The initial capacity for each of the new processing units is defined as upper limits on the K-variables. Added capacity for the new units is set as bounds on the E-variables (capacity added this year) and on the L-variables (accumulated capacity added in previous years).

[M s-ton/cd]	K(r)GSFCAP	E(r)GSFINV	L(r)GSFBLD
[M s-ton/cd]	K(r)GSHCAP	E(r)GSHINV	L(r)GSHBLD
[M bbl FOE/cd]	K(r)CHPCAP	E(r)CHPINV	L(r)CHPBLD

**Updates to the PMM Fortran FORTRAN code**

In addition to updating the LP matrix structure, various PMM code changes were needed for proper accounting and reporting, as well as for model consistency and stability. First, for FTAB reporting, the resulting cogen electricity production levels were categorized as grid vs self, and put into fuel type accounting totals. The variable used to define the regional grid vs self split is the same one used for other cogen accounting in the PMM: CGPCGRDPD(r). In addition, the following new inputs were added to the rinvest.txt file to help with the cogen accounting.

CHPCC1	= 992	KWh/bbl FOE processed for mode CC1
CHPCO1	= 722	KWh/bbl FOE processed for mode CO1
NGSCHP	= 0.10	natural gas fraction fed to CHP

These values *must* be consistent with the KWH and the natural gas coefficients defined in the refproc.dat file in the T:CHP data table.

In addition, a new subroutine (PMM\_COKGSF) was created in the refsln.f code to transfer model results to report variables. Coke and natural gas consumption, syngas and hydrogen production, and electricity and steam production levels were processed into a PMM report table (48a). The report variables include:

QCOKPRD(3,r,yr)	M s-ton/cd
QASTPRD( 3,r,yr)	M bbl FOE/cd
QSGSPRD( r,yr)	M bbl FOE/cd
QHH2PRD(r,yr)	M bbl FOE/cd
QKWHPRD(2,r,yr)	M KWh/cd
QSTMPRD(r,yr)	M lb/cd
QNGSPRD(2,r,yr)	M bbl FOE/cd

Finally, a special algorithm was defined to establish a petroleum coke export price that better matches historical levels of 45\$/ton in 2001 dollars (~6\$/bbl FOE in 1987 dollars) and to model an expected 5-10% decline rate. This is currently hard-coded in refchg.f, subroutine CHGCKSU. Ultimately, the coke export price should be keyed off of coal prices. This will be designed and incorporated at a later date.

## F.20 Saturated Gas Plant Representation in PMM

### Mathematical Representation of Saturated Gas Plant in the PMM

The saturated gas plant (SGP) added to the PMM processes a set of refinery gas streams produced at specific processing units (PU's). To simplify the LP design, the component gas streams produced by the other PU's will also pass through the SGP and then on to their next processing destination. All other gas streams that are not sent to the SGP will go to the refinery fuel unit (FUM) and be used for fuel. To keep these two paths separate, two stream balance rows have been defined. The B(r)(ist) rows correspond to the processed saturated gases, while the R(r)(ist) rows correspond to the unprocessed gases that go directly to the fuel unit. The gas streams that are included in this special processing are:

CC1	methane gases
CC2	ethane gases
CC3	propane gases
IC4	iso-butane gases
NC4	n-butane gases
HYL	low quality hydrogen

The row constraints and corresponding processing units that can produce any or all of these gas streams include:

For saturated gas streams ready to be processed:

$$S(r)(ist): \quad \sum_{unt} \sum_{mod} c * R(r)(unt)(mod) - R(r)SGP(ist) = 0$$

[M bbl FOE/cd]

Where:

(unt) ∈ ACU, ARD, CDT, DDS, FCC, FDS, FGS, HCL, HCM, HCN, HCR, HCU, HCV, HD1, HD2, HFA, HS2, KR1, KRF, NDS, OCT, PHI, PHP, PHS, RDS, RFC, RFL, SFA, SYD, TRI, and VBR (see Table G-F in Appendix G).

For processed saturated gas streams:

$$B(r)(ist): \quad R(r)SGPist) + G(r)(ist)RFN - c * R(r)FUM(ist) - H(r)RFMP(ist) \\ [M \text{ bbl FOE/cd}] - \sum_{unt} \sum_{mod} c' * R(r)(unt)(mod) - \sum_{mg} B(r)(mg)(ist) - \sum_{prd} T(r)(ist)(prd) \\ = 0$$

Where:

(unt) ∈ C4I, CYC, H2P, HFA, OLE, PFA, REL, SDA, SFA, TCG (see Table G-F in Appendix G).

For unprocessed refinery gas streams:

$$R(r)(ist): \quad \sum_{unt} \sum_{mod} c * R(r)(unt)(mod) - c * R(r)FUMR(ist2) = 0 \\ [M \text{ bbl FOE/cd}]$$

Where:

(unt) ∈ ARP, C4I, DEW, ETS, H56, HDN, HLO, IOT, MOD, OLE, PSA, PSZ, RFH, and TCG (see Table G-F in Appendix G).

(ist2) = 1st and 3rd character of (ist); ie, for (ist)=NC4, R(ist2) = RN4

Other row constraints related to the saturated gas plant are presented next.

Capacity constraint for SGP: In each refinery region, the total capacity utilized must equal the total operating level of each operating mode for the SGP. The total capacity utilized is defined by the column variables K(r)SGPCAP, E(r)SGPINV, L(r)SGPBLD, whose upper bounds represent existing and new capacity.

$$L(r)SGPCAP: \quad K(r)SGPCAP + E(r)SGPINV + L(r)SGPBLD = \sum_{ist} R(r)SGP(ist) \\ [M \text{ bbl FOE/cd}]$$

Utility/Fuel/OVC Balance Rows: The supply level for a utility (KWH) and fuel (FUL) must equal the usage level at the SGP. The OVC balance row serves to total OVC's (T(r)OVCOBJ) related to the SGP and other PU's operating levels and link the total to the OBJ row.

$$U(r)KWH: \quad - \sum_{ist} c * R(r)SGP(ist) + U(r)KWH = 0 \\ [MWh/cd]$$

$$B(r)FUL: \quad - \sum_{ist} c * R(r)SGP(ist) + \sum_{mod} R(r)FUM(mod) = 0 \\ [M \text{ bfoe/cd}]$$

$$P(r)OVC: \quad - \sum_{ist} c * R(r)SGP(ist) + c * T(r)OVCOBJ = 0 \\ [M \text{ \$2000/cd}]$$

## F.21 BTL Representation in PMM

The BTL is similar to the CTL and GTL processes and involves three steps. First, biomass is converted into a synthesis gas via gasification. This is followed by the Fischer-Tropsch synthesis, which converts the synthesis gas into liquid hydrocarbons. The final step involves partial upgrading of these hydrocarbons to produce liquids boiling in the range of naphtha, kerosene (jet fuel) and diesel fuel. The overall process can be operated to maximize the production of jet or diesel fuel. Naphtha is also a by-product. Generally, the naphtha has a very low octane rating and is a poor feed or blend stock for the production of gasoline. However, it is a premium starting material for the production of various petrochemicals. The jet and diesel fuels produced are of very high quality, and can be used as neat fuels or can be blended into conventional petroleum-derived fuels to improve their quality. There are currently no BTL plants commercially in operation, though the U.S. DOE is funding several demonstration projects as part of its BioRefining Initiative.

Given the 2007 Energy bill (EISA2007) requirement for a renewable fuels minimum of 36 billion gallons per year by 2022, biomass-to-liquids (BTL) was added to the PMM as an option to meet that goal. For *AEO2012*, the BTL unit has been designed with two operating modes: diesel production and jet fuel production. Both modes convert 10.945 MM Btu's of biomass into one barrel of liquids. They also produce 168 KWh per barrel of liquid, as net cogeneration for sale to the grid at wholesale market prices. The capacity factor (or utilization rate) is assumed to be 85 percent. As with CTL, the liquids are represented by four streams: light naphtha, heavy naphtha tops, kerosene/jet, and diesel. For the diesel operating mode, 71.5 percent of the liquid stream is diesel fuel; and, for the jet operating mode, 63 percent of the liquid stream produced is jet fuel. The biomass feed stream is linked to the biomass supply curve that also supplies feedstock for cellulosic ethanol production. Thus, BTL production competes with cellulosic ethanol production.

As with the CTL unit, the current BTL unit produces a carbon dioxide stream (CAB and CEB), which can either be released to the atmosphere, or processed by a special unit (CCB) that compresses and otherwise prepares it for transfer and storage. An assumption has been made that at least 15% of the CO<sub>2</sub> produced cannot be captured and is released to the atmosphere with other exhausts. The remaining 85% of the CO<sub>2</sub> can either be transported for sale or sequestration (modeled as a supply curve), or released to the atmosphere, based on an economic decision.

The initial estimate for BTL capital costs (see Appendix F.1) is adjusted by two other factors: technological optimism and learning-by-doing (similar to biomass ethanol production as described in Appendix I). Technological optimism represents the difference between the initial engineering estimate and the final first-of-a-kind costs. This was set to 1.25. Learning-by-doing results in a calculated decrease in capital costs over time due to experience gained with the construction of

more plants. This learning occurs in three phases: early rapid learning (first 5 plants), normal learning, (first 32 plants), and extended learning. The data associated with this learning can be found in the PMM input file rfinvest.txt (BTL\_PHASE), and is accomplished in subroutine ADJBTLCSST in PMM code refchg.f.

A separate Mansfield-Blackman model for market penetration of BTL was developed to properly reflect this new technology and its added appeal as a renewable fuels potential. The indices associated with this modeling algorithm are user inputs that define the characteristics of BTL production. They include an innovation index of the industry (BTL\_IINDEX), the relative profitability of the investment within the industry (BTL\_PINDEX), the relative size of the investment (per plant) as a percentage of total company value (BTL\_SINVST), and a maximum penetration level (total number of units, BTLBLDX). These are defined in the PMM input file rfinvest.txt, and presented below.

```
@      Parameters for Mansfield-Blackman model for BTL build series
2012    ! BTL_FSTYR: Year to start allowing builds
3.143   ! BTL_INCBLD   (Mbbbl/cd of liq produced)
0.005   ! BTL_DCLCAPCST (fraction)
0.000   ! BTL_DCLOPRCST (fraction)
26.252  ! BTL_BASHHV   tmp (mmBtu/ston coal,dry)
3.143   ! BTL_BASSIZ   (1000 bbl/cd liq produced)
37.84   ! BTL_BASCGS   est (MW per year) !New 10-13-10, MStatton
22.0    ! BTL_BASCGG   est (MW per year) !New 10-13-10, MStatton

1       ! BTLMB_SW: switch to apply M-B model to max build (1=yes)
150     ! BTL_BLDX: max number of BTL unit builds allowed (not capacity)
-0.70   ! BTL_IINDEX: innovation index
1.65    ! BTL_PINDEX: relative profitability ratio
2.00    ! BTL_SINVST: size of investment ratio
```

These are used in the following set of equations (M-B penetration algorithm) to set the upper limit on BTL capacity penetration (E@BTLINV):

```
! CALC UL FOR BTL BLDS
```

```
MB_NBLT      = 1.0
```

```
MB_BLDX      = BTLBLDX
```

```
KFAC         = -ALOG(max(0.01,((MB_BLDX/MB_NBLT) - 1.0)))! ratio of # allowed/#blt
```

```
PHI          = -.3165 + (0.23221*BTL_IINDEX) + & (0.533*BTL_PINDEX) -
              (0.027*BTL_SINVST)
```

```
SHRBLD       = 1./ (1. + EXP(-KFAC-(B_EYR*PHI)))
```

```
BTLRHSNUM    = MB_BLDX * SHRBLD           ! num units: UL on tot blds
```

$LOWBND = 0.0$   
 $UPBND = BTLRHSNUM * PUCAP(JBTL) \quad ! 1000 \text{ bbl/cd BTL}$   
 $TBTXTC = 'E@BTLINV'$   
 CALL CBNDLP(TBTXTC,LOWBND,UPBND,IRET)

## F.22 E85 Infrastructure Representation in PMM

The large renewable fuel volumes mandated by the Energy Independence and Security and Security Act of 2007 effectively requires a large increase in E-85 use in vehicles. By existing rules and regulations, ethanol can only enter the transportation fuel supply as E10, E15, or E85. Once the E10 market is projected to be saturated (around 2010 or 2011), any ethanol used to meet the mandate would have to come into the market as E15 or E85. The E85 market required the building of a necessary infrastructure.

Growth of the E85 demand market is assumed to largely develop first in the Midwest where most of the ethanol is being produced. Infrastructure costs for modifying the retailer equipment to dispense E85 fuel were estimated and amortized over the lifetime of the equipment. A logit model describing the interaction between E85 availability (i.e., percent of retail stations that provide E85 within a given region), the price differential between motor gasoline and E85, and the share of light duty vehicle fuel that is E85 is used.

Roughly 20% availability was assumed to provide for ample market penetration of E85. As the E85 market in the Midwest becomes saturated, E85 infrastructure growth is modeled in other regions such as the Southeast and West Coast. Ethanol distribution costs are higher in these regions, and this too affects the price of E85. All of these infrastructure development costs were spread over all transportation fuels; in effect, this “cross-subsidization” of E85 fuel was done in order to incentivize the E85 market demand required to fulfill the RFS mandate since ethanol beyond the 14 billion gallons or so needed to saturate the E10 market has no other market to go to other than E85 and E15.

## F.23 CBTL Representation in PMM

The Coal/Biomass-to-liquids process (CBTL) is similar to the CTL process, but its feedstock is a coal/biomass mix at a 20% by energy biomass blend. As with the CTL, the process involves three steps. First, the coal/biomass feedstock is converted into a synthesis gas via gasification. This is followed by the Fischer-Tropsch synthesis, which converts the synthesis gas into liquid hydrocarbons. The final step involves partial upgrading of these hydrocarbons to produce liquids boiling in the range of naphtha, kerosene (jet fuel) and diesel fuel. By-products include jet fuel, diesel fuel, and naphtha. Generally, the naphtha has a very low octane rating and is a poor feed or

blend stock for the production of gasoline. However, it is a premium starting material for the production of various petrochemicals. The jet and diesel fuels produced are of very high quality, and can be used as neat fuels or can be blended into conventional petroleum-derived fuels to improve their quality. There are currently no CBTL plants commercially in operation.

The CBTL facility is modeled to process an 80/20 mix (by energy) of bituminous coal (e.g., Illinois Basin, with an energy content of 26.252 MM Btu/ton (dry)) and biomass (energy content of 8,671 BTU/dry lb). This translates into about 8,900 TPD coal and 3,800 TPD biomass for a plant that produces 30,000 BPD of liquid hydrocarbons and 120 MW net power for sale to the grid. The liquid product consists of 43% naphtha, which can be sold as a petrochemical feedstock for the production of ethylene and propylene, and 57% distillate, which is marketed as clean-burning diesel fuel. The capacity factor (or utilization rate) for the CBTL facility is assumed to be 85 percent. CBTL facilities are assumed to be located at a site near the representative refinery in each PMM refining region. Thus, coal and biomass feed are delivered to the CBTL plant and liquid products are transported at a small cost to downstream industries.

Cogeneration is accounted for at the CBTL facility as a function of the liquids produced. The cogenerated (cogen) electricity is partially consumed in the facility, while the net cogen is assumed to be sold to the grid at wholesale market prices (EWSPRCN, 87\$/MWh, from the EMM). The revenue from cogen sales is treated as a credit by the model to offset the costs (feedstock, fixed, and operation costs) of producing CBTL “liquids.” The annualized transmission cost for cogen sent to the grid is accounted for in the operating cost of the CBTL facility. The coal types consumed at the CBTL facilities in the PMM are defined by the Coal Market Module (CMM) and are based on economic availability. The coal feedstock is linked to the coal supply curves provided by the CMM, and the biomass feedstock is linked to the biomass supply curves provided by the renewable fuels module. Thus, the CBTL competes with CTL, BTL, and cellulosic ethanol production for feedstock supply. As with the CTL and BTL units, the current CBTL unit produces a carbon dioxide stream (CAX and CEX), which can either be released to the atmosphere, or processed by a special unit (CCX) that compresses and otherwise prepares it for transfer and storage. An assumption has been made that at least 15% of the CO<sub>2</sub> produced cannot be captured and is released to the atmosphere with other exhausts. The remaining 85% of the CO<sub>2</sub> can either be transported for sale or sequestration (modeled as a supply curve), or released to the atmosphere, based on an economic decision.

Newly added CBTL capacity is limited at the national level as defined by the Mansfield-Blackman (M-B) penetration algorithm. Parameters for this algorithm are below.

@ Parameters for Mansfield-Blackman model for CTL bld series  
1 ! CTLMB\_SW: switch to apply M-B model to max bld (1=yes)  
15.0 ! max number of CTL unit blds allowed (not capacity)

-0.64            ! I: innovation index  
 1.10            ! Pr: relative profitability ratio  
 2.00            ! SI: size of investment ratio

In addition, to represent cost improvements over time (due to learning), a decline rate of 0.5% (CBTL\_DCLCAPCST) is applied to the original CBTL capital costs after builds begin. However, once the capacity builds exceed 200,000 bbl/cd, a supplemental algorithm is applied to increase costs in response to impending resource depletions (such as competition for water). The basic algorithm is defined in a memorandum from Andy Kydes (EIA) to William Brown (EIA), entitled “CTL run-- add to total CTLCSST in ADJCTLCST sub,” dated September 29, 2006. Coefficients in the algorithm that were actually used in the model were modified to speed up the dampening effect on CBTL builds. The final algorithm is:

$$CSTADD = 15 * \tan H(0.4 * \max(0, ((CBTLPRODC / 0.2) - 1)))$$

Where:

CBTLPRODC is the CBTL production (million BPD) in the previous period, and CSTADD is the added cost (\$87/bbl). The PMM assumes planned capacity of 25.0 Mbbbl/cd of CBTL in Padd 2 (Central) beginning in 2015.

## F.24 Biomass Pyrolysis Unit Representation in PMM

A biomass pyrolysis unit (BPU), based on processes developed by Dynamotive and Ensyn, was included in the PMM since *AEO2010*. This process converts numerous forms of biomass into partially upgraded Pyrolysis oil via three steps. First, the biomass is converted into a gaseous stream and a char stream through fast Pyrolysis. Next comes a quench step in which the non-condensable gases are removed and the remaining gases are condensed into a liquid Pyrolysis oil. In the final step, the Pyrolysis oil is upgraded through a hydrotreating process to a liquid suitable for transportation to the existing petroleum infrastructure for further processing. This liquid, known as UBA, has a lowered oxygen content, density, and heating value compared to the untreated Pyrolysis oil. In the PMM, the liquid product yield from BPU is 72 gallons/ton of biomass. The O<sub>2</sub> content in the final product is less than 10%, which is assumed to be the limit at which it is miscible with crude oil. The non-condensable gases are converted to heat and power in order to operate the plant. It is assumed that any excess utility requirement (for startup) is negligible. Capital costs are based on process-specific costs gathered by EIA, including fixed charges and other operating costs. Contingencies, debt/equity ratios, and other cost factors similar to the financial assumptions and methods used throughout the PMM are applied here. For *AEO2012*, a set of explicit pathways to process UBA in a traditional petroleum refinery were defined in order to allow for compliance with RFS2. Specifically, the UBA is converted to FCC products (cat gasoline, LCO, and slurry oil). Yields are assumed to be similar to a VGO feed.



These products can then be blended into gasoline and heating oil. The heating oil can also be further upgraded in a hydrotreater to ULSD.

The initial estimate for pyrolysis oil capital costs (see Appendix F.1) are adjusted by a learning-by-doing algorithm (similar to biomass ethanol production as described in Appendix I). Learning-by-doing results in a calculated decrease in capital costs over time due to experience gained with the construction of more plants. This learning occurs in three phases: early rapid learning (first 5 plants), normal learning, (first 32 plants), and extended learning. The data associated with this learning can be found in the PMM input file rfinvest.txt (BPU\_PHASE), and is accomplished in subroutine ADJBPU CST in PMM code refchg.f.

The Mansfield-Blackman model for market penetration has been incorporated to limit penetration of this technology to a rate consistent with other new technologies of high complexity and capital costs. The indices associated with this modeling algorithm are user inputs that define the characteristics of the BPU process. They include an innovation index of the industry (BPU\_IINDEX), the relative profitability of the investment within the industry (BPUPINDEX), the relative size of the investment (per plant) as a percentage of total company value (BPU\_SINVST), and a maximum penetration level (total number of units, BPUBLDX). These are defined in the PMM input file rfinvest.txt, and presented below.

```
@          Parameters for Mansfield-Blackman model for BPU build series
1          ! BPUMB_SW: switch to apply M-B model to max build (1=yes)
1000      ! BPUBLDX: max number of BPU unit builds allowed (not capacity)
-0.64     ! BPU_IINDEX: innovation index
1.55      ! BPUPINDEX: relative profitability ratio
2.00      ! BPU_SINVST: size of investment ratio
```

The PMM assumes planned capacity of 0.3438 Mbbbl/cd of pyrolysis oils in PADD 3 (Gulf) beginning in 2014.

## **F.25 Renewable Fuels Standard (EISA 2007) Represented in the PMM**

### **Energy Independence and Security Act of 2007 (EISA 2007)**

The PMM includes provisions outlined in Section 202 of the Energy Independence and Security Act of 2007 (EISA 2007) concerning the Renewable Fuels Standard (RFS) which increases the total U.S. consumption of renewable fuels. The total renewable fuels requirement is expanded over the Energy Policy Act of 2005 to include four categories of renewable fuels: Total, Advanced Biofuels, Cellulosic Biofuels, and Biomass-derived Diesel (Biodiesel). Advanced biofuels are defined to be any renewable fuel, other than ethanol derived from corn starch, that has

lifecycle greenhouse gas emissions that are at least 50 percent less than baseline lifecycle greenhouse gas emissions (gasoline or diesel fuel, EISA07 Sec 201(1)(C)). Cellulosic biofuel is defined as a renewable fuel derived from any cellulose, hemicellulose, or lignin that is derived from renewable biomass and that has lifecycle greenhouse gas emissions that are at least 60 percent less than the baseline lifecycle greenhouse gas emissions. Biomass-based diesel is defined as a renewable fuel that is biodiesel as defined in section 312(f) of the Energy Policy Act of 1992 (42 U.S.C. 13220(f)) and that has lifecycle greenhouse gas emissions that are at least 50 percent less than the baseline lifecycle greenhouse gas emissions. Cellulosic biofuels and biomass-derived diesel both count toward the advanced biofuels subtotal. The statute calls for the following levels to be met for each category in year specified year:

**EISA 2007 RFS Schedule  
(billion gallons/year)**

<b>year</b>	<b>Total RFS</b>	<b>Adv Biofuels</b>	<b>Cellulosic Biofuels</b>	<b>Biodiesel</b>
<b>2006</b>	4	0	0	0
<b>2007</b>	4.7	0	0	0
<b>2008</b>	9	0	0	0
<b>2009</b>	11.1	0.6	0	0.5
<b>2010</b>	12.95	0.95	0.1	0.65
<b>2011</b>	13.95	1.35	0.25	0.8
<b>2012</b>	15.2	2	0.5	1
<b>2013</b>	16.55	2.75	1	1
<b>2014</b>	18.15	3.75	1.75	1
<b>2015</b>	20.5	5.5	3	1
<b>2016</b>	22.25	7.25	4.25	1
<b>2017</b>	24	9	5.5	1
<b>2018</b>	26	11	7	1
<b>2019</b>	28	13	8.5	1
<b>2020</b>	30	15	10.5	1
<b>2021</b>	33	18	13.5	1
<b>2022</b>	36	21	16	1

Starting in calendar years 2005 through 2025, EIA is required to estimate the use of all transportation fuel, biomass-based diesel, and cellulosic biofuel in the following calendar year no later than October 31 (Clean Air Act 42 U.S.C 7545(o)(3)(A)). The existing waiver authority is retained, but specific procedures are established for waivers of the cellulosic biofuels requirement and for the biomass-based diesel requirement. By November 30 of each calendar year, the EPA

Administrator is required to adjust the cellulosic biofuels requirement for up to 1 year using EIA's projected quantity as a guideline if the projected available quantity is lower than the requirement. It also directs the Administrator to make credits for cellulosic biofuels available at a price equal to (\$3.00 per gallon – wholesale gasoline price) or \$0.25 per gallon, whichever is greater. The number of cellulosic biofuels credits is limited "...to the minimum applicable volume (as reduced under this subparagraph) of cellulosic biofuel for that year." (EISA07 Section 202(e)(2)(D)(i))

The EPA Administrator also is required to reduce the applicable volumes in succeeding years after issuing waivers that pass a certain size threshold, stated as follows. If either 20 percent or more of any requirement is waived in two consecutive years, or if 50 percent or more of any requirement is waived in one year, then the applicable volume requirement must be modified in all years following the final year of the waiver. However, applicable volumes for years prior to 2016 may not be modified under this subparagraph (EISA07 Section 202(e)(3)(F)). This, too, is modeled in the PMM.

The EISA07 RFS also allows the EPA administrator to waive the biomass-based diesel requirement if a determination is made that the market circumstances will cause the price of biomass-based diesel to increase substantially. The waiver is limited to 15 percent of the annual requirement for a maximum of 60 days but can be renewed thereafter, every 60 days. No credits are required in the event of a waiver of the biomass-based diesel requirement. The Administrator may also reduce the applicable volume of renewable fuel and advanced biofuels requirements by the same or a lesser volume (EISA07 Section 202(e)(3)(E)(ii)).

### **RFS Rules and Adjacent Updates Applied to the PMM**

The following describes the procedure for setting RFS runtime parameters for the PMM and understanding how the PMM addresses the RFS rules from a coding and modeling perspective.

1. NEMS has a runtime option called RFSCALIB such that
  - 0 = use RFS levels defined in the sprflrt.txt file, and DO NOT adjust over the forecast (not usually chosen)
  - 1 = start NEMS with original RFS ruling (in rfctrl.txt file), and allow these levels to be adjusted over the forecast if cannot be met (chosen for new case runs)
  - 2 = start NEMS with RFS levels defined in the sprflrt.txt file, and allow these levels to be adjusted over the forecast if cannot be met (allows quicker convergence when making minor changes to a run)
2. NEMS has a runtime option called NOSUNSET such that
  - 0 = do not attempt to reinstate/meet the original RFS constraints after 2021 (last year original RFS goal was defined) (not usually chosen)

- 1 = try to reach the original RFS requirements after 2021 by allowing the current level in 2021 to grow at the same rate that total fuel (motor gasoline, diesel, jet, and E85) demands grow off of 2021
  - 2 = try to reach the original RFS requirements after 2021 by resetting to the original levels, and allowing the model to reduce again in years it cannot be met; however, once these original levels are met, continue to grow at the same rate that gasoline, diesel, jet, and E85 demands grow off of 2021 (like =1 above)
3. The RFS consist of 4 constraints
    - C@ETHBIO = total (including no more than 16 bgy corn ethanol)
    - C@CLLBIO = advanced (including cellulosic and biodiesel and advanced)
    - C@CLLTOT = cellulosic
    - C@BIOTOT = biodiesel
  4. RFS safety vectors used to determine RIN credits needed to meet any or all of the first 3 RFS requirements (above)
    - CUSCREDIT = RIN credit needed to meet total and/or advanced RFS
    - CUSCREDB = RIN credit needed to meet cellulosic RFS
    - CUSXCRT = RIN credit needed to meet cellulosic RFS, at EPA calculated price
    - CUSXCRT1 = RIN credit needed to meet cellulosic RFS, at 1.5 \* EPA calculated price
    - EPA calculated price: maximum between (75.00-average mogas) and 6.18 (87\$/bbl), where 6.18 87\$/bbl converts to 25 cents/galand 75\$/bbl is approximately \$3/gallon in 2009 dollars
  5. RFSSAFFLG is a user input switch (in rfctrl.txt) that defines if the safety vectors will operate independently or as a single vector.
    - 0 = use CUSCREDIT and CUSCREDB as a single RFS safety vector such that a new equation is added to the LP that sets CUSCREDIT = CUSCREDB (i.e., all the first three RFS constraints are impacted if only 1 constraint needs RIN credits). This is the current default setting
    - 1 = CUSCREDIT and CUSCREDB are independent of each other (i.e., if the cellulosic RFS needs RIN credits (CUSCREDB), the total and advanced RFS will not be adjusted as a result, unless that decision is made independently (from CUSCREDIT))
  6. SUNSETYR is a user input (in rfctrl.txt) that sets the year that represents the base year used to define the RFS to total fuel ratio (see above, where NOSUNSET=1 or 2)

#### PRIOR TO 2022

1. As described above, the RFS RIN credit vectors (CUSCREDIT CUSCREDB, CUSXCRT, CUSXCRT1) are included in 3 of the 4 RFS constraints:

- C@ETHBIO (total)
  - C@CLLBIO (advanced)
  - C@CLLTOT (biomass)
2. Cost coefficient on the RFS credit vectors are set:
    - CUSCREDIT, CUSCREDB equal to \$4/gallon in 2008 dollars
    - CUSXCRT equal to maximum between (75.00-average mogas) and 6.18 (87\$/bbl), where 6.18 87\$/bbl converts to 25 cents/gal in 2009 dollars
    - CUSXCRT1 equal to 1.5 times the above calculation
  3. The lower limits on all 4 RFS constraints are set
  4. The LP is solved
  5. In final NEMS iteration of that year, check if RFS safety vectors (RIN credits) are positive
    - a. If zero, then no adjustment is necessary
    - b. If positive, then
      - After 3<sup>rd</sup> NEMS iteration, set UL on CUSXCRT (and CUSXCRT1) the previous iteration's total RIN credit (safety)
      - Reduce the lower limit on the 3 RFS constraints by the safety quantity for this year, to be applied next NEMS cycle.
      - Also, check if the safety quantity is greater than or equal to 50% of the biomass RFS (C@CLLTOT) requirement for this year. If YES (and current year is greater than 2015), then reduce all 3 RFS constraints by the safety quantity for years t+1 through the end of the forecast, to be applied this NEMS cycle.
      - If NO, then check if the safety quantity is greater than or equal to 20% of the biomass RFS (C@CLLTOT) requirement for this year AND for last year. If YES (and current year is greater than 2015), then reduce all 3 RFS constraints by the safety quantity for years t+1 through the end of the forecast, to be applied this NEMS cycle.
  6. PMM report writer records resulting RFS requirements, to be used as starting values for the next NEMS cycle

## 2022 AND BEYOND

Most of the steps above continue, except for the following that pertain to how the RFS requirements are defined up to and beyond the 36 bgy goal defined by the RFS2.

If NOSUNSET=1,

1. Calculate the ratio of each of the resulting RFS levels in 2021 to total fuel demand (motor gasoline, diesel, jet, E85) in 2021
2. Each year after 2021, set new RFS by multiplying the new total fuel demand (motor gasoline, diesel, jet, E85) for this year times the 2021 ratio; not allowed to decline from the previous year

If NOSUNSET=2,

1. First NEMS cycle, each year, reset RFS constraints to original RFS goals (e.g., 36 bgy for total), and allow model to determine if reductions are needed
2. After first NEMS cycle, if model can meet the original 36 bgy total RFS goal in the previous year, then (as was done for NOSUNSET=1)
  - a. Calculate the ratio of each of the resulting RFS levels in 2021 to total fuel demand (motor gasoline, diesel, jet, E85) in 2021
  - b. Have each of the 3 RFS levels grow based on the growth in total fuel demand (motor gasoline, diesel, jet, E85); not allowed to decline from the previous year

## F.26 California Low Carbon Fuel Standard

The Low Carbon Fuel Standard (LCFS), which will be administered by the California Air Resources Board (CARB)<sup>1</sup>, was signed into law on January 12, 2010. The regulated parties under this legislation are generally the fuel producers or importers who sell motor gasoline or diesel fuel in California. This legislation is designed to reduce the Carbon Intensity (CI) of motor gasoline and diesel fuels sold in California by 10 percent between 2012 and 2020 through the increased sale of alternative “low-carbon” fuels. Each alternative low carbon fuel has its own CI based on a life cycle analyses conducted under the guidance of CARB for a number of approved fuel pathways. The CIs are calculated on an energy equivalent basis and measured in grams of CO<sub>2</sub> equivalent emissions per megajoule (gCO<sub>2</sub>e/MJ).

The *AEO2012* Reference case uses the CARB mandated CIs and approved fuel pathways included in the LCFS<sup>2</sup>. Although the National Energy Modeling System (NEMS) is not a State-level model, EIA was able to model the LCFS-regulated California-specific fuels because CARB gasoline and CARB diesel are modeled separately in NEMS from other gasoline and diesel sold in the Pacific Census Division 9 (which also includes Washington, Oregon, Alaska, and Hawaii). In cases where we did not have data for California, information from Census Division 9 was used as a proxy. Non-compliance penalties have not been officially quantified by the CARB to date. To represent non-compliance, EIA computed a monetary penalty to encourage compliance within the Reference case based on relevant provisions in the California Health and Safety Code.<sup>3</sup>

The CIs are a measure of the complete well-to-wheels or lifecycle emissions of each fuel pathway and include indirect land use change (ILUC) penalties for applicable fuels<sup>4</sup>. The ILUC penalty is a controversial additional CI value that attempts to account for potential land use changes due to increased biofuels production. The science behind the ILUC penalty is relatively new, so potential revisions and updates to

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<sup>1</sup> LCFS Final Regulation Order: <http://www.arb.ca.gov/regact/2009/lcfs09/finalfro.pdf>

<sup>2</sup> LCFS Fuel Pathway Lookup Tables: [http://www.arb.ca.gov/fuels/lcfs/121409lcfs\\_lutables.pdf](http://www.arb.ca.gov/fuels/lcfs/121409lcfs_lutables.pdf)

<sup>3</sup> California Health and Safety Code, Section 43025 through 43029

<sup>4</sup> These are biofuels produced from harvested biomass and currently include corn ethanol, sugarcane ethanol, and soy-based biodiesel.

these numbers are expected as the LCFS evolves. These fuel pathways include existing technologies such as Midwestern corn ethanol, imported sugarcane ethanol, and soy based biodiesel, as well as a number of “next-generation” technologies like cellulosic ethanol and biomass-to-liquid diesel fuels. There are also provisions in the legislation that allow non-regulated parties such as electricity and hydrogen producers to contribute.

Rfcarbon.xml

### Carbon Intensity Targets

Year	Carbon Intensity (g CO <sub>2</sub> e / MJ)	
	Diesel	Motor Gasoline
2011	94.47	95.61
2012	94.24	95.37
2013	93.76	94.89
2014	93.29	94.41
2015	92.34	93.45
2016	91.40	92.50
2017	89.97	91.06
2018	88.55	89.62
2019	87.13	88.18
2020-2035	85.24	86.27

### Carbon Intensities

Fuel	Description & Notes	g CO <sub>2</sub> e / MJ	Note
DSU	petroleum diesel (ULSD)	94.71	(1)
BTL_NOCCS	Liquids from Biomass with no Carbon Sequestration	-3.00	(2)
CTL_NOCCS	Liquids from Coals Low Efficiency with no Carbon Sequestration	233.93	(3)
CBTL_NOCCS	Liquids from 80-20 Coal/Biomass Mix with no Carbon Sequestration	186.54	(4)
FAME_SBO	biodiesel: soybean (Midwest soybean oil transesterification)	83.25	(5)
FAME_PLM	biodiesel: palm oil	83.25	(6)
FAME_YGR	biodiesel: waste yellow grease	13.80	(7)
FAME_WGR	biodiesel: white grease (calculated)	39.85	(8)

<b>NERD_SBO</b>	renewable diesel: Midwest soybean oil hydrogenation	<b>82.16</b>	<b>(9)</b>
<b>NERD_PLM</b>	renewable diesel: palm oil (calculated)	<b>82.16</b>	<b>(10)</b>
<b>NERD_YGR</b>	renewable diesel: yellow grease (calculated)	<b>13.62</b>	<b>(11)</b>
<b>NERD_WGR</b>	renewable diesel: tallow (white grease)	<b>39.33</b>	<b>(12)</b>
<b>MG</b>	CA E10 baseline gasoline	<b>95.86</b>	<b>(13)</b>
<b>ETA</b>	ethanol: Brazilian sugarcane	<b>58.40</b>	<b>(14)</b>
<b>ETC</b>	ethanol: cellulosic	<b>21.30</b>	<b>(15)</b>
<b>ETH</b>	ethanol: CA average corn (80% dry mill, 20% wet mill)	<b>81.66</b>	<b>(16)</b>
<b>GN_SBO</b>	green naphtha: same as NERD (calculated)	<b>82.16</b>	<b>(17)</b>
<b>GN_PLM</b>	green naphtha: same as NERD (calculated)	<b>82.16</b>	<b>(18)</b>
<b>GN_YGR</b>	green naphtha: same as NERD (calculated)	<b>13.62</b>	<b>(19)</b>
<b>GN_WGR</b>	green naphtha: same as NERD (calculated)	<b>39.33</b>	<b>(20)</b>
<b>CNG</b>	natural gas (non-renewable) (for CNG vehicles)	<b>67.70</b>	<b>(21)</b>
<b>EV</b>	electricity (average CA mix)	<b>41.37</b>	<b>(22)</b>
<b>LPG</b>	LPG from refinery	<b>78.00</b>	<b>(23)</b>
<b>PYO</b>	Product refined from pyrolysis oil	<b>31.00</b>	<b>(24)</b>

(1) Table 7 of [http://www.arb.ca.gov/fuels/lcfs/121409lcfs\\_lutables.pdf](http://www.arb.ca.gov/fuels/lcfs/121409lcfs_lutables.pdf)

(2) Table 2-3 (GREET analysis) of "A Low Carbon Fuel Standard for California Part 1: Technical Analysis (Farrel and Sperling August 2007); see also page 4 Table 1-1 NETL's "Affordable, Low Carbon Diesel Fuel from Domestic Coal and Biomass" (January 14, 2009) which shows a over 100% reduction in CO<sub>2</sub> for BTL (3)

[http://www.clf.org/uploadedFiles/CLF/Programs/Clean\\_Energy\\_&\\_Climate\\_Change/Climate\\_Protection/Regional\\_Greenhouse\\_Gas\\_Initiative/Exhibit%20A.pdf](http://www.clf.org/uploadedFiles/CLF/Programs/Clean_Energy_&_Climate_Change/Climate_Protection/Regional_Greenhouse_Gas_Initiative/Exhibit%20A.pdf) also see Table 1-1 on page 4 of NETL's "Affordable, Low Carbon Diesel Fuel from Domestic Coal and Biomass" (January 14, 2009)

(4) 20% BTL (2) and 80% CTL (3)

(5) Table 7 of [http://www.arb.ca.gov/fuels/lcfs/121409lcfs\\_lutables.pdf](http://www.arb.ca.gov/fuels/lcfs/121409lcfs_lutables.pdf)

(6) Same as soy biodiesel since palm oil feedstock is lumped with other seed oil feedstock within PMM.

Note that neither CARB nor the EPA considers palm-oil based biodiesel to be a fuel worth considering in



any significant supply...see EPA's take on palm oil biodiesel on pp. 60-63 in the "Draft Regulatory Impact Analysis: Changes to Renewable Fuel Standard Program" published May 2009.

(7) Average of yellow grease values from Table 7 of

[http://www.arb.ca.gov/fuels/lcfs/121409lcfs\\_lutables.pdf](http://www.arb.ca.gov/fuels/lcfs/121409lcfs_lutables.pdf)

(8) Calculated based on Renewable Diesel values in lieu of ARB value

(9) Table 7 of [http://www.arb.ca.gov/fuels/lcfs/121409lcfs\\_lutables.pdf](http://www.arb.ca.gov/fuels/lcfs/121409lcfs_lutables.pdf)

(10) Assumed value of Midwest Soy Renewable Diesel value in lieu of ARB value.

(11) Calculated based on FAME Biodiesel values in lieu of ARB value

(12) Table 7 of [http://www.arb.ca.gov/fuels/lcfs/121409lcfs\\_lutables.pdf](http://www.arb.ca.gov/fuels/lcfs/121409lcfs_lutables.pdf)

(13) [http://www.arb.ca.gov/fuels/lcfs/022709lcfs\\_carbob.pdf](http://www.arb.ca.gov/fuels/lcfs/022709lcfs_carbob.pdf)

(14) Table 8 of [http://www.arb.ca.gov/fuels/lcfs/100609lcfs\\_updated\\_es.pdf](http://www.arb.ca.gov/fuels/lcfs/100609lcfs_updated_es.pdf)

assumes latest CARB instinct to count all Brazilian ethanol as cofired with bagasse.

(15) Although according to the most recent (October 2009) CARB update on the LCFS program the cellulosic materials à ethanol conversion process is still a fuel pathway under development in terms of defining a CI (see Table 6 of [http://www.arb.ca.gov/fuels/lcfs/100609lcfs\\_updated\\_es.pdf](http://www.arb.ca.gov/fuels/lcfs/100609lcfs_updated_es.pdf)), an average of the two values from earlier analyses published by CARB on ethanol from farmed trees ([http://www.arb.ca.gov/fuels/lcfs/022709lcfs\\_trees.pdf](http://www.arb.ca.gov/fuels/lcfs/022709lcfs_trees.pdf)) and ethanol from forest waste ([http://www.arb.ca.gov/fuels/lcfs/022709lcfs\\_forestw.pdf](http://www.arb.ca.gov/fuels/lcfs/022709lcfs_forestw.pdf)) provide the CI shown here.

(16) Table C of [http://www.arb.ca.gov/fuels/lcfs/022709lcfs\\_cornetoh.pdf](http://www.arb.ca.gov/fuels/lcfs/022709lcfs_cornetoh.pdf) with assumed reduced ILUC penalty

(17) Assumed same values as same feedstock Renewable Diesel pathways

(18) Assumed same values as same feedstock Renewable Diesel pathways

(19) Assumed same values as same feedstock Renewable Diesel pathways

(20) Assumed same values as same feedstock Renewable Diesel pathways

(21) Table 6 of <http://www.arb.ca.gov/regact/2009/lcfs09/lcfsfsor.pdf>

(22) Takes into account EER for better electric car use of energy over conventional vehicle...Table ES-8 of "Proposed Regulation to Implement the Low Carbon Fuel Standard vol. 1" from CARB (Table ES-8 of [http://www.arb.ca.gov/fuels/lcfs/030409lcfs\\_isor\\_vol1.pdf](http://www.arb.ca.gov/fuels/lcfs/030409lcfs_isor_vol1.pdf))

(23) Table 2-3 (GREET analysis) of "A Low Carbon Fuel Standard for California Part 1: Technical Analysis (Farrel and Sperling August 2007)

(24) memo from Steve Umnasch 4/29/10



# APPENDIX G. Matrix Generator Documentation

## G.1 Introduction

This appendix describes the program which generates the 5-region Multi-Refining Model (MRM); and provides detail on how it works. The program allows the user to create a 5-region representation of the entire United States refining industry using linear programming (LP). The MRM models multiple refinery regions within the entire United States. The MRM is a collection of five refinery regions linked by a transportation network. The regions are defined by the five U.S. Petroleum Administration for Defense Districts (PADDs). Each region contains a representation of both a marginal and infra-marginal refinery. The MRM simulates the refinery operation in the United States, including crude oil supply and transportation to refineries, the regional processing of these raw materials into petroleum products, and the distribution of petroleum product to meet regional demands. The model identifies supply sources for domestic crude oils, alcohols, biofuels, ethers, coal, and natural gas, as well as import levels of crude oil and petroleum products. In addition to these quantities, the MRM projects petroleum product prices, refinery fuel consumption, and capacity expansion in each PADD. The five-region MRM models the five U.S. PADDs, labeled as follows: E = PADD I, C = PADD II, G = PADD III, M = PADD IV, W = PADD V.

The program generates the linear programming matrix that represents the MRM, solves the LP, writes the solution, and packs the matrix for use by the analyst using the ANALYZE software. The program also produces an MPS file containing the LP matrix for input into the PMM/NEMS. The PMM ultimately modifies the LP matrix to reflect industry changes and to add more detailed representation throughout the forecast. For example, more detailed coal supply links for CTLs are not created for the MRM, but are added within the PMM. Similarly, new biomass supply curves and links are also created within the PMM, not by the MRM. These new LP variables and constraints are included in the row/column listings presented in section G.2 below.

## G.2 Code

The program is written in Fortran and makes use of OML (Optimization and Modeling Libraries) to read in the data files, to generate the matrix representation of the model, to solve the problem, to store the solution, and to pack the matrix for use with ANALYZE. The program can also produce a report.

The program is data-driven (filenames \*.dat) and the user provides key information (files mrmparam and mrmpath), such as, the model chosen to be run, the location of the input data files,

and the names of the output LP and solution files.

### Variables and Constraints

The model consists of variables or activities (columns), constraints (rows), and bounds on activities and constraints. A unique name has been assigned to each variable and constraint. In the naming of the variables and rows, indices are used to represent items such as regions, crude types, etc. The following table displays the index set name and the number of elements in the set, gives a brief description of the set, and provides a partial listing of the set members.

Index	No. of Values	Description	Members
@	1	represents all regions	@
br	16	Biomass supply regions	01, 02, . . . , 15, 16
bt	3	Biomass types	AG = agricultural residue EC = forest residue UM = urban wood waste
c	2	Constraint type	X: for max N: for min
d	9	Census divisions	1: New England 2: Middle Atlantic 3: East North Central 4: West North Central 5: South Atlantic 6: East South Central 7: West South Central 8: Mountain 9: Pacific
e	2	Emission source	C: Emission from fuel combustion N: Emission from process unit (non-combustion)
J	16	Coal demand regions (supply links to CTL production by PADD), based on the 9 Census Divisions, 7 of which have been divided to represent distinct sub-markets with special characteristics (as defined for the Coal Market Module). The South Atlantic and Mountain CDs have been divided three ways.	01-16 However, PMM refinery regions are only linked to 6 of them, as follows: PADD E coal demand region 02 PADD C coal demand region 07 PADD G coal demand region 12 PADD M coal demand regions 10, 13 PADD W coal demand region 16
k	7 (for CTL)	Coal characteristics: 1. rank: bituminous, sub-bituminous, lignite 2. sulfur content: compliance, medium, high	BL, BM, BH, LG, BL, SL, SM

Index	No. of Values	Description	Members
m	17	Transportation mode, function of material and means of movement	<p>4: U.S.-flag residual oil (dirty tanker)  5: Jones Act crude tanker (not active)  W: crude pipeline from supply reg 3 to PADD III  B: Barge light products (clean barge)  I: West Texas to PADD II  J: U.S.-flag light products (clean tanker)  M: Aggregate/avg rail, truck, vessel, barge for ETH  O: U.S. flag LPG  R: PADD III loop to PADD II  S: PADD III pipeline to PADD II  T: Light product pipeline  U: LPG, C4, CC5 pipeline  V: Barge residual oil (dirty barge)  X: Local transportation  Y: Pipeline PADD II to demand region 6  Z: Pseudo link  A: LOOP to PADD II</p>
n	41	<p>Coal supply sources (curves), characterized by</p> <ol style="list-style-type: none"> <li>1. mine type: underground, surface</li> <li>2. rank: premium, bituminous, sub-bituminous</li> <li>3. sulfur content: compliance, medium, high</li> </ol>	<p>Note: indexes (n) and (k) are closely linked. The following list shows each of the possible values of n (01, 02, etc) and the corresponding values of k (BM, BH, etc).</p> <p>01BM, 02BH, 04BM, 05BH,  06LG, 07BL, 08BM, 10BL  11BM, 12BL 13BM, 15BL,  16BM, 17BM, 18BH, 19BM, 20BH,  22BH, 23LG, 24LG, 25LG  26SL, 27SL, 28SM, 29SL, 30SM,  31SL, 32SL, 33SL, 34SM, 35BL,  37SL, 38BM, 39BL, 41SL</p> <p>The following six supply sources are not available for CTL production:03, 09, 14, 21, 36, 40</p>
o	7	OGSM regions	<p>1: OGSM 1 North East + OGSM 7 Atlantic  2: OGSM 2 Gulf Coast + OGSM 8 Gulf Offshore  3: OGSM 3 Midcontinent  4: OGSM 4 Permian Basin  5: OGSM 5 Rocky Mountain  6: OGSM 6 West Coast + OGSM 9 Pacific  A: OGSM A Alaska North</p>

Index	No. of Values	Description	Members
r	5	Refining regions	E: PADD I C: PADD II G: PADD III M: PADD IV W: PADD V
t	2	Type of transportation	V: Vessel P: Pipeline
x	5	Exporting regions	2: Export cd for PADD I (region E, cd 2) 3: Export cd for PADD II (region C, cd 3) 7: Export cd for PADD III (region G, cd 7) 8: Export cd for PADD IV (region M, cd 8) 9: Export cd for PADD V (region W, cd 9)
cp	6	Co-products produced with ethanol, advance ethanol, biomass pyrolysis, or biodiesel	DDG, EDG: Distiller's grain solids WMC: Wet mill co-product GLY: Glycerin BPM: Barley protein meal BCH: Bio-char
Nn	3	Negative shift in demand	N1, N2, N3
On	8	Natural Gas refinery supply steps	N1, N2, N3, N4, P5, P6, P7, P8
Pn	3	Positive shift in demand	P1, P2, P3
qd	7	Quality code for distillate	AR: Aromatics FL: Flash point FZ: Freezing point GR: Gravity LM: Luminometer number SL: Sulfur VB: Viscosity
qm	11	Quality code for gasoline blending	AR: Aromatics BZ: Benzene E2: E 200 E3: E 300 M0: Motor octane PO: Percent oxygen OL: Olefin R0: Research octane RV: Reid vapor pressure SL: Sulfur RE: renewables component (due to required minimum contribution to oxygenates)
Qs	5	Step label for crude oil imports	Q1, Q2, Q3, Q4, Q5
Rs	9	Step label for product imports	R1, ..., R9

Index	No. of Values	Description	Members
S1	1	Step label for product demands	S1
se	2	SO2 emissions regions	1, 2
Ss	3	Sub-Spec Products	SSR: Sub-spec Reformulated gasoline (RBOB) SST: Sub-spec High Oxygenate gasoline (BOB) SSE: Sub-spec Conventional gasoline (CBOB)
SX	1	Product exports	SX
Z9	1	Distress imports and exports	Z9
col	1	Aggregate coal types available for CTL processing, linked to 16 coal demand regions (from the Coal Market Module)	BIT
crt	12	Crude groups by quality and origin	ALL: Alaskan, API 25-66, S<0.5, B<15 AMH: Alaskan, API 21-32, S<1.1, B>15 DLL: Domestic, API 25-66, S<0.5, B<15 DMH: Domestic, API 21-32, S<1.1, B>15 DHL: Domestic, API 29-56, S<1.99, B<15 DHH: Domestic, API 23-35, S<3.0, B>15 DHV: Domestic, API<23, S>0.7, B>15 FLL: Foreign, API 25-66, S<0.5, B<15 FMH: Foreign, API 21-32, S<1.1, B>15 FHL: Foreign API 29-56, S<1.99, B<15 FHH: Foreign, API 23-35, S<3.0, B>15 FHV: Foreign, API<23, S>0.7, B>15
dfo	6	Distillate fuel oil blends	JTA: Jet fuel N2H: Number 2 oil DSL: Low-sulfur diesel DSU: Ultra-low-sulfur diesel N6I: Low-sulfur resid N6B: High-sulfur resid
emu	6	Emission type	CAR: Total carbon CO1: Carbon monoxide CO2: Carbon dioxide NOX: Nitrous oxides SOX: Sulfur oxides VOC: Volatile organic compounds
ist	857	Refinery intermediate streams	LNI: Light naphtha, (175-250) intermediate LNN: Light naphtha, (175-250) naphthenic LNP: Light naphtha, (175-250) paraffinic And many more...

Index	No. of Values	Description	Members
lqc	4	Liquid streams from CTL	CDX: SMDS diesel (480-680F) CKE: SMDS kerosene (320-480F) CNL: Gasoline Tops (110-175F) CNP: Naphtha Tops (175-320F)
lqg	4	Liquid streams from GTL	SDX: SMDS diesel (480-680F) SKE: SMDS kerosene (320-480F) SNL: Gasoline Tops (110-175F) SNP: Naphtha Tops (175-320F)
lqb	4	Liquid streams from BTL	BDX: SMDS diesel (480-680F) BKE: SMDS kerosene (320-480F) BNL: Gasoline Tops (110-175F) BNP: Naphtha Tops (175-320F)
lqcb	4	Liquid streams from CBTL	2DX: SMDS diesel (480-680F) 2KE: SMDS kerosene (320-480F) 2NL: Gasoline Tops (110-175F) 2NP: Naphtha Tops (175-320F)
mgb	4	Gasoline blends	TRG: Conventional gasoline RFG: Reformulated gasoline TRH: Conventional high oxygen gasoline RFH: Reformulated high oxygen gasoline
gbt	12	Gasoline blending component type	G01: Butanes (NC4-I4E) G02: Naphthas ( NAT-LNN) G03: Reformates (R80-V10) G04: FCC Gasolines (LF6-85H) G05: Other (C5E-R6E,ISO-HRA) G06: HCR Gasolines (LHG-MHV) G07: Alkylates (ALN-HAL) G08: Ethanol (ETH) G09: Ethanol Ethers (TAEE,THEE) G10: Ethylbenzene (ETBE) G11: MTBE (MTB) G12: Methanol Ethers (TAM,THM)
mod	many	Refinery operating mode	C2A: Ethyl alkylate C3A: Propyl alkylate C4A: Butyl alkylate



Index	No. of Values	Description	Members
ncr	14	Non crude purchase	ARB: Atmospheric resid of type B (unf oils) BIM: Biomass diesel (virgin oil, renewable) BIN: Biomass diesel (non virgin oil, renewable) CC3: Propane (gas plant) ETH, ETC, ETA: Ethanol (renewable) HGM: Heavy gas oil medium sulfur (unf oils) IC4: Isobutane (gas plant) MET: Methanol (methanol plant) MTB: M.T.B.E. (oxygenate) NAT: Natural gasoline (gas plant) NC4: Normal butane (gas plant) NPP: Paraffinic naphtha (unf oils)
pi9	19	Distress imports	AST, COK, DSL, DSU, E85, JTA, LPG, M85, N2H, N67, N68, N6B, N6I, OTH, PCF, RFG, RFH, TRG, TRH
pol	34	Policy type	LOS: Loss OVC: Other variable cost MSD: Maximum distillation feed, cat cracker MSR: Maximum low sulfur resid, cat cracker SVR: Maximum severity, cat cracker H00: Maximum 100 severity, HP reformer H05: Maximum 105 severity, HP reformer

Index	No. of Values	Description	Members
prd	22	Products	AST: Asphalt COK: Coke DSL: Low sulfur diesel DSU: Ultra low sulfur diesel DSC: CaRB diesel E85: 74% Ethanol and 26% TRG FLG: LPG used as feedstock JTA: Jet fuel KER: Kerosene (aggregated into N2H in the LP matrix) LPG: Liquefied petroleum gas M85: 85% Methanol and 15% TRG N2H: Number 2 oil N67: Low sulfur resid to utilities N68: High sulfur resid to utilities N6B: High sulfur resid N6I: Low sulfur resid OTH: Other PCF: Petrochemical feed stock RFG: Reformulated gasoline RFH: Reformulated high oxygen gasoline TRG: Conventional gasoline TRH: Conventional high oxygen gasoline
pri	14	Product imports	DSL, DSU, JTA, LPG, MET, MTB, N2H, N6B, N6I, OTH, PCF, RFG, TRG, SSR
prx	11	Product exports	COK, DSL, DSU, JTA, LPG, N2H, N6B, N6I, OTH, PCF, TRG (and AST in Padd V)
px9	17	Distress exports	AST, COK, DSL, DSU, JTA, LPG, N2H, N67, N68, N6B, N6I, OTH, PCF, RFG, RFH, TRG, TRH
unf	3	Unfinished oil	ARB: Atmospheric residual bottom type B HGM: Heavy gas oil medium sulfur NPP: Medium naphtha paraffin
uns	96 (mrm)	Process unit	ACU: Atmospheric crude distillation See Appendix A.3.9 for complete list of process units

Index	No. of Values	Description	Members
uuu	4	Utility	KWH: Kilowatt-hour NGF: Natural gas liquids STM: Steam COA: Coal (fuel for corn ethanol production)

In the naming of the columns and rows, the limit is a maximum of sixteen characters per name. The following two tables give the name of the variable (activity) and the row (constraint) represented.

The general name structure for columns is (v)(r)(abc)(def), where v is key code, r is region code, abc and def are 3 character names. Those variables marked with an asterisk (\*) are created within the PMM, not by the MRM.

Name	Activity Represented
B(r)(mgb)(ist)	Blend stream (ist) to gasoline grade (mgb) in (r)
C(d)CRN(Rs)	Domestic corn (for ethanol production) from supply step (Rs) in (d)
C(d)GRN(Rs)	Domestic grains (for ethanol production) from supply step (Rs) in (d)
C(d)SBO(Rs) C(d)YGR(Rs) C(d)WGR(Rs)	Virgin (SBO,WGR) and non virgin (YGR) oil/grease supply step (Rs) in (d) as feedstock for biodiesel production
C(d)BIO(Rs)	Biomass (for ethanol or BTL production) supply from step (Rs) in (d)
CP(n)(k)(q) *	Quantity of coal type (k) produced from coal supply source (n) at price (q)
CP(n)OTXX *	Quantity of coal demand for non-CTL use from coal supply source (n)
CT(n)(j)(k) *	Quantity of coal type (k) transferred from coal supply source (n) to coal demand region (j)
CUSCREDIT CUSCREDB	RFS safety for non-biomass and biomass RFS constraints, respectively
CUSXCRT CUSXCRT1	RFS safety for biomass RFS constraint, used to represent RIN purchases based on a step-wise cost
D@BIDSX(q)	National biodiesel export demand curve at price (q)
D@METS1	Total US chemical methanol demand
D(d)(prd)S1	Product (prd) demand in (d)
D(d)(prx)SX	Product (prx) exports from (d)
D(d)ETHSX(s)	Ethanol exports from (d) for demand step (s)
D(d)(px9)Z9	Distress product (px9) export from (d)
D(w)(xxx)(Snn)	Demand for (xxx=DIS,LPG,NAP,OTH,RES) at level (Snn) in international region (w).
E(r)(uns)INV E(d)(uns)INV	Investment in new capacity for process (uns) in (r) Investment in new capacity for process (uns) in (d)
E(r)CTZINV	Special representation of new CTL units built with EFACT05 credit in (r)

Name	Activity Represented
E@CTXINV E@BTLINV E@BPUINV	Total market penetration capacity of CTL, BTL, and biomass pyrolysis unit (BPU), respectively, operating in U.S.
E(d)CET(mod)	New corn ethanol capacity utilized in (d) for dry mill process type (mod), mod=DM1,DM2
F(r)(dfo)(ist)	Blend stream (ist) to distillate fuel oil (dfo) in (r)
G(r)(ist)(prd)	Gas plant output transfer of stream (ist) to product (prd) in (r)
G(r)GPL01	Gas plant liquids production in (r)
G(r)(ist)RFN	Transfer of gas plant stream (ist) to refinery in (r)
G(r)OVC	Variable costs for gas plant in (r)
G(r)RFNMET	Transfer of methanol from refinery to meet export demands in refinery in (r)
G(r)SC2CC1	Shift of ethane to natural gas in gas plant in (r)
G(r)MOH01	Methanol plant operations in (r)
G(r)METDEM	Methanol production from methanol plant in (r) to chemical industry
G(r)METRFN	Methanol production from methanol plant in (r) to refinery
H(r)SSE(m)(d) H(r)NAT(m)(d)	Denaturant (SSE, NAT) supplied by (r) to (d)
H(d)BD(x)CCT	Used to determine the carbon credit for biodiesel production in (d). The value of (x) denotes the feedstock: N = non-virgin grease; V = virgin grease; W = white grease.
H(d)BIMDMD H(d)BINDMD	Total viridin (BIM) biodiesel blended into DSL/DSU in (d). May be subject to upper/lower bounds. Total non-viridin (BIN) biodiesel blended into DSL/DSU in (d). May be subject to upper/lower bounds.
H(d)BIMEXP H(d)BINEXP	Virgin (BIM) biodiesel exports in (d) Non-virgin (BIN) biodiesel exports in (d)
H(d)BIMTOT H(d)BINTOT	Total virgin (BIM) biodiesel production in (d) Total non-virgin (BIN) biodiesel production in (d)
H(d)ETHTOT	Total corn ethanol production in (d)
H(d)(cp)TOT	Total co-product (cp) associated with ethanol, advanced ethanol, biomass pyrolysis, and biodiesel production in (d)
H(d)CETEXP	Quantity of corn ethanol exported from (d)
H(d)CET(mod)	Corn ethanol production in operating mode (mod) in (d)
H(d)CETCCT H(d)CLECCT H(d)AETCCT	Used to determine carbon credit for corn ethanol production in (d) Used to determine carbon credit for cellulosic ethanol production in (d) Used to determine carbon credit for advanced ethanol production in (d)
H(d)CLEKWH H(r)CTXKWH H(r)BTLKWH H(r)CBLKWH	Used to determine credit for electricity from cellulosic ethanol production which is sold to the grid in (d) Used to determine credit for electricity from CTL, BTL, and CBTL production which is sold to the grid in (r)
H(r)(uns)(mod)	Production from process (uns) in operating mode (mod) at merchant, CTL, BTL, CBTL, pyrolysis, or GTL plant in (r)

Name	Activity Represented
H(r)(uns)CO2	CO <sub>2</sub> compression unit for CO <sub>2</sub> from (uns) = CTL, BTL, CBTL in (r)
H(r)(aa)(bb)(ist)	Transfer from (aa) to (bb) of stream (ist) in (r) Note: (aa), (bb) = MP, GP, RF, where MP = Merchant plant, GP = Gas plant, RF = Refinery. For (ist), only the first and last character of (ist) are used
H(r)KWHMCH	Electricity purchased by merchant units in (r)
I(d)(pi9)Z9	Distress product (pi9) imports to (d)
I(r)(pri)(Rs)	Imported product (pri) step (Rs) to region (r)
I(r)TRGT(s)	Used to limit total imports of TRG and SSE at step (s) to region (r)
I@ETHM(d)	Imported ethanol from Brazil to (d)
I@ETAM(d)	Ethanol import supply curve for step (Rs) to (d)
I(d)ETH(Rs)	Ethanol import supply curve for step (Rs) to (d)
I(r)SSE(w)(s)	Note: sse is not a member of (pri).
I(r)SSETOT	
I(r)SSR(w)(s)	
I(r)SSRTOT	
I(r)(pri)(w)(s)	
I(r)(unf)(w)(s)	
I(r)(unf)(w)TOT	
I@UNFTOT	
J(d)DSUDSU	Quantity of diesel product not splash blended with biodiesel in (d)
J(d)DSLDSL	
J(r)BLDCCT	Variables used to account for carbon totals in BTL, CBTL liquids production in (r)
J(r)BLNCCT	
J(r)CBDCCT	
J(r)CBNCCT	
J(r)PYDCCT	Variables used to account for carbon totals in pyrolysis oil production in (r)
J(r)PYNCCT	
K(r)(uns)CAP	Existing capacity for process (uns) in (r)
K(d)CETOLD	Existing capacity for corn ethanol units in (d)
K(d)CET(mod)	Cumulative corn ethanol capacity added in (d) for dry mill process type (mod) determined to be uneconomical to run in any year after built, mod=DM1,DM2
K(w)ILGCAP	Cumulative capacity added in region (w) for process types ILG and IUP
K(w)IUPCAP	
K(r)ACUMOTH	Idle refinery capacity in (r) for complex and marginal refinery, respectively
K(r)MARMOTH	
LCSAFEDS	Safety vol for California low carbon fuel standard for diesel
LCSAFEMG	Safety vol for California low carbon fuel standard for motor gasoline
L(r)(uns)BLD	Cumulative addition to capacity for process (uns) in (r)
L(d)CET(mod)	Cumulative corn ethanol capacity added in (d) for dry mill process type (mod), mod=DM1,DM2
N(r)CO2N(s)	CO <sub>2</sub> transport and sequestration P/Q curve in (r) with price steps (s)
N(r)DGP	Dry gas supply in (r)

Name	Activity Represented
N(r)(col)N(s)	Quantity of coal type (col) transferred to refinery region (r) from its associated coal regions at price step (s). Note: s=1 (s=2 to 5 are not used)
N(r)NGKN(s)	Alaska NG supply curve step (s) for GTL processing for region (r)
N(r)NGRF(On)	Natural gas to refinery supply step (On) in (r)
NZAMH(On)	Export supply step (On) for Alaskan crude (6 steps only)
N(d)ETHCOA	Coal consumed as fuel at the corn ethanol plant in (d)
O@CRDEXP	Alaskan crude exports
O@CRDSPR	SPR (Strategic Petroleum Reserve) fill in US
P(o)DCRQ1	Domestic crude in (o)
P(r)(crt)(Qs)	Supply step (Qs) of imported crude (crt) to (r)
P@(crt)(Qs)	
PANGLQ1	Supply of natural gas liquids from Alaska North slope
PGLBNGL(Qs)	
PWRLD(Qs)	
P_SO2_(se) *	Quantity of SO <sub>2</sub> emissions permits purchased in SO <sub>2</sub> region (se) for coal used in coal to liquid (CTL) production
P_HG_US *	Quantity of mercury emission permits purchased for coal used in coal to liquid production
P(w)(xxx)DEX	(xxx=DIS,LPG,NAP,OTH,PCF) in international region (w)
P(w)(xxx)TMP	(xxx=DIS,LPG,NAP,OTH,PCF) in international region (w)
Q(r)(mgb), Q(r)(Ss)	Spec vector, total volume of (mgb) or (Ss) produced in (r)
Q(r)(dfo)	Spec vector, total volume of (dfo) produced in (r)
R(r)ACU(crt)	Volume of crude (crt) processed by the ACU unit in (r)
R(r)(uns)(mod)	Refinery process (uns) operation for mode (mod) in (r)
R(r)CGNCGN R(r)CGXCGN	Refinery (CGN) and Merchant (CGX) cogeneration plant operation in region (r)
R(w)(xxx)RES	Refinery transfers from (xxx = ARB, ARC, N6B, N6I) to RES in international region (w)
R(w)DIS(dfo')	Refinery transfers from DIS to (dfo' = DSL, DSU, JTA, N2H) in international region (w)
R(w)ILGL2D R(w)IUPN2D R(w)IUPRD1 R(w)IUPRD2	Refinery transfers based on additional processing of heavy streams in international region (w)
R(w)MARFLL R(w)MARIMC	Operating levels of marginal and inframarginal refinery units in international region (w)
R(w)NAP(xxx)	Refinery transfers of NAP to (xxx-PCF, SEE, SSR, TRG) in international region (w)
RC(crt)DMD	Accounting of foreign crude type (crt) transferred to Canada via U.S. Padd 2 imports

Name	Activity Represented
T(r)(ist)(ist)	Transfer of stream (ist) to stream (ist) in (r)
T(r)(ist)(prd)	Transfer of stream (ist) to product (prd) in (r)
T(r)(crt)TLL	Transfer of crude (crt = DLL, FLL) to the marginal refinery in (r)
T(r)(ist)CFN	Transfer of NG stream for feed into refinery cogen in (r)
T(r)(ist)CFS	Transfer of refinery still gas streams (ist) for feed into refinery cogen in (r)
T(r)(ist)CFO	Transfer of refinery "other" streams (ist) for feed into refinery cogen in (r)
T@UNFTOT	Total unfinished oils in US
T(r)UNF(ist)	Unfinished oils from stream (ist) in region (r) (r = E, B only)
TAALLTOT	Total volume of type ALL crude produced in Alaska
TAAMHTOT	Total volume of type AMH crude produced in Alaska
TAAMHXZ	Volume of type AMH crude transported from Alaska to Valdez
TAGTLTOT	Total volume of GTLs transported from Alaska North Slope to Valdez via the Trans-Alaska Pipeline (TAPS)
TANSOTOT	Total volume of crude transported from Alaska North Slope to Valdez via Trans-Alaska Pipeline (TAPS)
T(r)NATLNK	Carbon tax in (r)
T(r)OVCOBJ	Refinery plant operating variable costs in region (r)
T(r)GPLOVC	Gas plant operating variable costs in region (r)
T(r)MCHOVC	Merchant plant operating variable costs in region (r)
T(w)FLL T(w)IMC	Foreign crude (mix of FLL, FMH, FHL, FHH, FHV) processed by marginal refinery and inframarginal refinery in international region (w)
U(r)(uuu)	Utility (uuu) purchased in (r)
VTPC(r)(m)(d)	Crude pipeline transportation capacity from (r) to (d) using mode (m)
VTPL(r)(m)(d)	LPG pipeline transportation capacity from (r) to (d) using mode (m)
VTPP(r)(m)(d) VTPP(d)(m)(r)	Product pipeline transportation capacity from (r) to (d) using mode (m) or from (d) to (r)
VTVC(m)CP	Vessel transportation capacity for crude for mode (m)
VTVP(m)CP	Vessel transportation capacity for products for mode (m)
WAGTLJ(r)	GTL transportation from Alaska (A) to region (r) using mode J
W(r)(prd)(m)(d) W(r)(ss)(m)(d) W(d')(prd)(m)(d) W(d')(ss)(m)(d)	Product (prd) or (ss) transportation via mode (m) from (r) to (d) or from (d') to (d)
W(d')(ncr)(m)(d)	Ethanol or biomass diesel (ncr) transportation from (d') to (d) using mode (m)
W(w)NGLLPG	LPG from NGL in international region (w)
W(w)(prd)(w')	Transfer of product (prd) from international region (w) to international region (w')
X(d)BIOT(r)	Transfer of ethanol from (d) to (r) for BTL production
X(d)(prd)SPG	Recipe blends of product (prd) for electric utility residual oils in (d)
X(r)(ist)(prd)	Recipe blends of product (prd) from stream (ist) in region (r)
X(d)(ncr)(prd) X(d)(ncr)R15 X(d)(ncr)TRH	Splash blending of (prd) from (ncr) in (d) E15 reformulated mogas blend with ncr = ETH, ETC, ETA E15 conventional mogas blend with ncr = ETH, ETC, ETA

Name	Activity Represented
X(r)(yyyy)**	Recipe blends (yyyy) for categories of products such as AST, AVG, GOP, JP5 in region (r)
Y(o)(crt)(m)(r) Y(r')(crt)(m)(r)	Crude (crt) transportation via mode (m) from (o) to (r) or from (r') to (r)
Z(r)CABATM Z(r)CACATM Z(r)CAXATM Z(r)CEBATM Z(r)CECATM Z(r)CEXATM Z(r)CABESC Z(r)CACESC Z(r)CAXESC Z(r)CEBCPR Z(r)CECCPR Z(r)CEXCPR	Total CO <sub>2</sub> from BTL, CTL, CBTL, respectively, emitted to atmosphere in (r)  Total CO <sub>2</sub> from BTL, CTL, CBTL, respectively, that could have been captured for compression, but was instead emitted to the atmosphere in (r)  Total CO <sub>2</sub> from BTL, CTL, CBTL, respectively, not available for capture/compression and emitted to the atmosphere in (r)  Total CO <sub>2</sub> from BTL, CTL, CBTL, respectively, captured and compressed, ready for transport/sequestration in (r)
Z(r)CFNSUM Z(r)CFSSUM Z(r)CFOSUM	Total flow of fuel into refinery cogeneration unit in region (r); CFN=natural gas, CFS=still gas, CFO=other
Z(r)FLO(uns')	Total flow through processing unit (uns') in region (r) Note: (uns') is a subset of (uns): DDS, ETH, ETM, FCC, FUM, KRF, RFH, RFL
Z(r)RFGOXY	Total OXY in RFG in region (r)
Z@TOTCRD	Total foreign crude imports
ZZAMHTOT	Total export volume of Alaskan crude oil

\* Created by PMM, not MRM

The general name structure for rows is: (v)(r)(abc)(def), where (v) is key code, (r) is region code, (abc) and (def) are 3 character names. Those constraints marked with an asterisk (\*) are created within the PMM, not by the MRM.

Most (but not all) of the constraints prefixed with “A” are free (not subject to upper or lower bounds). These free rows (clearly labeled as “accounting rows”) are ignored by the commercial LP solver.

Name	Constraint Represented
A(d)(prd)	Accounting row for demand of product (prd) in (d)
A@1YRBLD	New ACU capacity added in a look-ahead year
A(r)(prd)	Accounting row for product (prd) in (r)
A@AKAEXP	Accounting row for Alaskan crude oil exports from US
A@BIDEXP	Accounting row for total biodiesel exports
A(d)BIMDMD A(d)BINDMD	Defines variables H(d)BIMDMD, H(d)BINDMD for biodiesel blended into low and ultra-low sulfur diesel in (d). These variables may be subject to lower and upper bounds. BIM = virgin feedstock, BIN=non-virgin feedstock.
A(d)BIMPRD	Accounting row for virgin biodiesel in (d)



Name	Constraint Represented
A@BIMPRD	and total U.S.
A(d)BINPRD A@BINPRD	Accounting row for non-virgin biodiesel in (d) and total U.S.
A(d)BDV(utl) A(d)BDN(utl) A(d)BDW(utl)	Accounting row for utilities (kwh, stm) for biodiesel from virgin, non-virgin, and white grease in (d)
A(d)BDNCCT A(d)BDVCCT A(d)BDWCCT	Defines variables H(d)BD*CCT used to set carbon credit for biodiesel production in (d). N=non-virgin grease feedstock, V=virgin grease feedstock, W=white grease feedstock.
A(r)BLDCCT A(r)BLNCCT	Defines variables J(r)BLDCCT and J(r)BLNCCT used to set carbon credit for BTL production in (r).
A(r)CBDCCT A(r)CBNCCT	Defines variables J(r)CBDCCT and J(r)CBNCCT used to set carbon credit for CBTL production in (r).
A(r)PYDCCT A(r)PYNCCCT	Defines variables J(r)PYDCCT and J(r)PYNCCCT used to set carbon credit for pyrolysis oil production in (r).
A(d)SBOCNS A@SBOCNS A(d)WGRCNS A@WGRCNS A(d)YGRCNS A@YGRCNS	Accounting rows for oils/grease processed into biodiesel in (d), and in US (@) SBO=seed oil feedstock, WGR=white grease feedstock, YGR=yellow grease feedstock.
A(d)BIOCNS A@BIOCNS	Accounting row for biomass processed into ethanol and/or liquids in (d) and total U.S.
A(d)GRNCNS A@GRNCNS	Accounting row for advanced grains processed into ethanol in (d) and total U.S.
A@BTL	Accounting row for liquids produced from biomass in U.S. (@)
A@CBL	Accounting row for liquids produced from CBTL in U.S. (@)
A(r)CBLGRD	Determines variable H(r)CBLKWH which is used to set the credit for electricity (from CBTL production) sold to the grid in (r)
A(r)CHPCGN	Accounting row for combined heat/power from petroleum coke gasification in (r)
A(d)CETCCT A(d)CLECCT A(d)AETCCT	Defines variables H(d)CETCCT, H(d)CLECCT, H(d)AETCCT used to set carbon credit for corn, cellulosic, and advanced ethanol production in (d), respectively.
A(d)CLEGRD	Defines variable H(d)CLEKWH used to set credit for electricity (from cellulosic ethanol production) sold to the grid in (d)
A(d)CET(ful)	Accounting row for fuel (FUL) consumed in producing corn ethanol in (d)
A@CETEMX	Approximate foresight by limiting corn ethanol builds
A(d)CRNCNS A@CRNCNS	Accounting row for corn converted to ethanol in (d)and total U.S.
A(d)COKEXP A(r)COKEXP A@COKEXP	Accounting row for petroleum coke exports from (d). Accounting row for petroleum coke exports from (r). Total petroleum coke exports from US (may be subject to lower/upper bounds)
A@CRDAKA	Accounting row for Alaskan crude oil in U.S.
A@CRDDCR	Accounting row for domestic crude oil in U.S.

Name	Constraint Represented
A@CRDEXP	Accounting row for crude oil export in U.S.
A(r)CRDFCR A@CRDFCR	Accounting row for foreign crude oil in (r) and U.S.
A(r)CRDIMP A@CRDIMP	Total crude imported into region (r) in U.S. Total crude imported into U.S.
A@CRDL48	Accounting row for lower 48 crude oil in U.S.
A@CRDSPR	Accounting row for SPR (strategic petroleum reserve) crude oil in U.S.
A@CRDTOT	Accounting row for total crude oil in U.S.
A(r)CRX(crt)	Accounting row for crude oil (crt) in (r)
A(r)CTXGRD	Determines variable H(r)CTXKWH which is used to set the credit for electricity (from CTL production) sold to the grid in (r)
A@CLZPRD	Sets maximum subsidize coal-to-liquid units allowed nationally (via RHS setting)
A(r)CTLWH	Accounting row for liquids produced from coal that are blended directly into product in (d)
A(r)DSLCTI A(r)DSUCTI A(r)DSCCTI	Average cetane in DSL (low sulfur diesel), in region (r) Average cetane in DSU (ultra-low sulfur diesel), in region (r) Average cetane in DSC (CARB diesel), in region (r)
A@ETCPRD A@ETHPRD A@ETAPRD	Total ethanol from cellulose (including imports) in US. Total ethanol from corn, cellulose, and grain (including imports) in US. Total ethanol from advanced grain (including imports) in U.S.
A(d)ETH	Accounting row for ethanol supply from (d) from both corn and cellulose
A@ETHEXP	Accounting row for ethanol exports from the U.S. (@)
A@ETHE85	Accounting row for Total E85 produced by refineries in U.S.
A@ETHR15	Accounting row for Total E15 (reformulated) produced in U.S.
A@ETHRFG A@ETHRFH	Accounting row for total ethanol blended into RBOB for RFG in U.S. Accounting row for total ethanol blended into RBOB for RFH in U.S.
A@ETHTRG A@ETHTRH	Accounting row for total ethanol blended into TRG (for SSE) in U.S. Accounting row for total ethanol blended into TBOB for TRH in U.S.
A(r)ETHRFN	Accounting row for ethanol to refinery in (r)
A(r)FUEL A@FUEL	Accounting row for refinery fuel use in (r) US total
A(r)FUM(xxx) A@FUM(xxx)	Accounting row for FUM in (r) for fuel type (xxx=LPG, N2H, N6B, N6I, NGS, OTH, STG) U.S. total
A(r)FXOC A@FXOC	Accounting row for fixed cost in (r) U.S. total
A(d)G08(yyy)	Accounting row for gasoline blending in (d) for motor gasoline (yyy = TRG, TRH, and/or RFG, RFH)
A(r)G(gbt)(xxx) A@G(gbt)(xxx)	Accounting row for gasoline blend component type (gbt) in (r) for motor gasoline (xxx= TRG, RFG); U.S. total
A(r)GAIN A@GAIN	Accounting row for process gain in (r) U.S. total
A(r)GPLLPG	Accounting row for LPG from gas plant in (r)
A(r)GPLOTH	Accounting row for Natural Gasoline from gas plant in (r) to products

Name	Constraint Represented
A(r)GPLPCF	OTH, PCF
A(r)GPFDLG	Accounting row for still gas from gas plant into LPG feedstock (FLG) in (r)
A(r)INVST A@INVST	Accounting row for investment in (r) U.S. total
A@KWHRFN	Accounting row for refinery KWH usage in U.S.
A@(xxx)FU	Limits fuel type (xxx) consumed as refinery fuel in U.S. (xxx=LPG,OTH,RES,STG)
A@MARPRD	Accounting row for total yields from marginal refinery units in U.S. (@)
A(r)MGTOT(s)	Defines variable I(r)TRGT(s) used to limit total imports of TRG and SSE at each import supply step (s) price in (r)
A@METDEM	Accounting row for methanol demand in U.S.
A(r)METIMP A@METIMP	Accounting row for methanol imports in (r) U.S. total
A(d)METBDT A@METBDT	Accounting row for methanol used for biodiesel production in (d) U.S. total
A(d)METM85 A@METM85	Accounting row for methanol used for M85 splash blending in (d) U.S. total
A@METPRD	Accounting row methanol production in U.S.
A(r)METRFN	Accounting row for methanol consumption by ETH refinery unit in (r)
A(r)MTBIMP A@MTBIMP	Accounting row for MTBE refinery imports in (r) U.S. total
A@MTBPRD	(redundant in AEO2008)
A(r)MTBRFN	Accounting row for MTBE refinery imports in (r)
A@MTBPRD	Accounting row for MTBE production in U.S.
A(r)NGFTOT A@NGFTOT	Accounting row for natural gas purchases in (r); U.S. total
A(r)NGLRFN A@NGLRFN	Accounting row for NGL transfer from gas plant to refinery in (r); U.S. total
A(r)NGLPRD A@NGLPRD	Accounting row for NGL (r); U.S. total
A(r)NGSH2P A@NGSH2P	Accounting row for NGS consumption by H2P refinery unit in (r) Accounting row for NGS consumption by H2P refinery unit: U.S. total
A(r)NGSMER A@NGSMER	Accounting row for methanol transfer from methanol plant to refinery in (r); U.S. total
A(r)NGSMET A@NGSMET	Accounting row for methanol plant production in (r); U.S. total
A(r)NGSRFN	Accounting row for purchased NG to refinery NGS stream in (r)
A(r)PETCOK A@PETCOK	Accounting row for high and low sulfur coke production at refinery in (r) U.S. total
A(x)PRDEXP A@PRDEXP	Accounting row for product exports in (x = d, r) U.S. total
A@PRDDEM	Accounting row for total product demand in U.S.
A(r)PRDIMP A@PRDIMP	Product imports in (r)
A@PRDRFN	Accounting row for total product produced at refinery

Name	Constraint Represented
A(r)PYO2DS	Accounting row for pyrolysis oil blended into distillate (N2H, DSL, DSU, DSC) in region (r)
A(r)PYO2MG	Accounting row for pyrolysis oil blended into mogas in region (r)
A(r)SG2H2P A@SG2H2P	Accounting row for total still gas processed into hydrogen in (r) and U.S.
A(d)RFG(yyy) A(d)TRG(yyy)	Accounting row for gasoline blending in (d) for motor gasoline (yyy = TRG, TRH, and/or RFG, RFH)
A(r)RFGM00 A(r)RFGR00	Accounting row for total motor (and research) octane in the reformulated (RFG) motor gasoline stream in refining region (r), based on contribution from each component blend stream.
A(r)TRGM00 A(r)TRGR00	Accounting row for total motor (and research) octane in the conventional (TRG) motor gasoline stream in refining region (r), based on contribution from each component blend stream.
A(r)SSRIMP	Total SSR imports into (r = E only) must be less than a maximum (currently unlimited)
A(r)SULSAL A@SULSAL	Accounting row for sulfur production in (r) U.S. total
A(r)UNFIMP A@UNFIMP	Accounting row for unfinished oil (UNF) imports into (r) U.S. total
A@ZZEXP	Accounting row for total distress exports
A@ZZIMP	Accounting row for total distress imports
B(r)(ist) B(w)ARB B(w)ARC	Balance for intermediate stream (ist) in (r)
B(r)CFN B(r)CFS B(r)CFO	Balance for fuel type (CFN=natural gas, CFS=still gas, CFO=other) fed to cogeneration unit in (r)
C(o)(crt)	Crude balance for crude type (crt) in (o)
C(r)(crt)	Crude balance for crude type (crt) in (r)
CAALLTOT CAAMHTOT	Balance for Alaska crude type ALL Balance for Alaska crude type AMH
CALCFSDS CALCFSMG	California low carbon fuel standard for diesel California low carbon fuel standard for motor gasoline
C(r)TLL	Balance row for total low sulfur light (foreign and domestic) processed by the marginal refinery in (r)
C(d)BIMIMP	Defines variable I@BIMM(d) to represent total (virgin) biodiesel imported into (d)
C@BIMIMP	Balance row for total (virgin) biodiesel import supply curve and (virgin) biodiesel imported to U.S. Census Divisions
C(d)ETHIMP	Defines variable I@ETHM(d) to represent total ethanol imported into (d)
C@ETHBRZ C@ETHCBI C@ETHIMP	Balance row for total ethanol import supply curve from Brazil and it's option to flow directly to the US or through CBI (Caribbean Basin initiative) Balance row for ethanol imports from the CBI made available for U.S. imports Balance row for ethanol directly from Brazil or through CBI, imported to U.S. Census Divisions
C@ETHBIO C@CLLBIO	Minimum renewables requirement in motor fuels (national) Minimum renewables from advanced processes requirement in motor

Name	Constraint Represented
C@CLLTOT C@BIOTOT	fuels (national) Minimum renewables from biomass requirement in motor fuels (national) Minimum renewables biodiesel in motor fuels (national)
C(r)CTL(lqc) C(r)CLTOT	Balance for CTLs by liquid type (lqc) and total produced in region (r)
C(r)GTL(lqg) CAGLTOT	Balance for GTLs by liquid type (lqg) and total produced in Alaska region (r)
C(r)CBL(lqcb) C(r)CBLTOT	Balance for CBTLs by liquid type (lqcb) and total produced in region (r)
CANSOTOT	Balance for Alaska N. Slope crude
CC(xxx)	(xxx = FHL, FLL, FMH)
C(r)GTL	Balance for GTLs transported from Alaska to region (r)
C(d)PLMIMP	Defines variable I@PLMM(d) to represent total palm oil imported into (d)
C@PLMIMP	Balance row for total palm oil import supply curve and palm oil imported to U.S. Census Divisions
CZAMH	Alaskan crude exports
<>CL(j)CTL	Energy balance of total coal supplied to coal demand region (j) used to generate coal to liquids
D(d)(prd)	Final demand for product (prd) in (d)
D(w)(xxx)	Demand for product (xxx=DIS,LPG,NAP,OTH,RES) in (w)
D(d)CETEXP	Balance row for corn ethanol exports from (d) = 3,4 only
D(d)E15LIM	Balance row to limit E15 penetration into mogas market based on vintage
D(d)E85CRV * D(d)PRDEQU	Balance row to represent E85 demands (D(d)E85TBL) as a demand curve in (d) Balance row to ensure total E85 plus motor gasoline demand is met via any quantity distribution of each in (d)
D(d)ETH D(d)BIM D(d)BIN	Final supply of renewables ETH, BIM, BIN in (d)
D@BIDEXP	Balance row for U.S. biodiesel exports
D(d)MET D@MET	Demand for methanol in (d) Total demand for methanol
D(d)SSL, D(d)SSU, D(d)SSC	Balance for diesel fuel supply (DSL, DSU, DSC) to blended and unblended product in (d)
DOMDDGMK	Sets upper limit (RHS) on DDG byproduct produced from corn ethanol production in U.S.
E(r)(emu)(e)	Emission of (emu) from source (e) in (r)
E@BTLMAX	Balance to set Mansfield-Blackman national penetration rate (upper limit on build) for BTL production
E@BPUMBX	Balance to set Mansfield-Blackman national penetration rate (upper limit on build) for pyrolysis (BPU) units
E@CBLMBX	Balance to set Mansfield-Blackman national penetration rate (upper limit on build) for CBTL units
E@CTXMBX	Balance to set Mansfield-Blackman national penetration rate (upper limit on build) for CTL units

Name	Constraint Represented
E@CTZEPC	Accounting of CTL units built with EPCACT05 credit in U.S.
E@GDTMBX	Balance to set Mansfield-Blackman national penetration rate (upper limit on build) for renewable (green) diesel units
F@TOTCRD	Total crude balance for unfinished oil constraint in U.S.
F(r)UNF(unf)	Unfinished oil balance for (unf) in (r)
G(r)(ist)	Gas plant balance for stream (ist) in (r)
G(r)PGSLGX	Limit on transfer of PGS to LPG at Gas Plant in (r)
G(r)SC2C1X	Limit on transfer of CC2 to CC1 at Gas Plant in (r)
H(d)(cp)	Co-product (cp) balance row in (d), typically from ethanol, advanced ethanol, biomass pyrolysis, and biodiesel production
H(d)(ist)	Corn ethanol, cellulosic ethanol, advanced ethanol, or biodiesel plant balance row for (ist) in (d)
H(r)(ist)	Merchant oxygenate plant balance row for (ist) in (r) and off-site GTL, CTL, CBTL, BTL, BPU balance row for (ist) in (r)
H(br)BIO(bt) *	Balance row for biomass production in production region (br) for biomass type (bt), to be used as feedstock for ethanol, BTL, CBTL, and BPU production
H(d)BIOBTL	Balance row for biomass transfer from supply region to Census Division (d), then on to feedstock for BTL, CBTL, and BPU production
H(r)BIO	Balance row for biomass transfer from supply Census Division to refinery region (r), for use as feedstock for BTL, CBTL, and BPU production
H(d)BIO	Balance row for biomass transfer from supply region to Census Division (d), then on to feedstock for cellulosic ethanol production
H(r)BIT	Energy balance for coal from associated coal demand regions used to produce liquids in refinery region (r)
HG_CTL_US *	Mercury emissions balance for mercury emission from coal used for coal to liquids production
H(r)FUMCAP	Merchant oxygenate fuel balance row in (r)
H(r)LOS	Accounting row for merchant oxygenate plant loss in (r)
H(r)OVC	Merchant plant variable operating costs in (r)
H(r)(uuu)	Merchant oxygenate plant policy utility (uuu) accounting row in (r) (uuu) = COA, KWH, NGF, STM
H(r)CO2 H(r)CO2CPR	Balance row to account for total CO <sub>2</sub> produced from CTL, BTL, CBTL that gets captured/compressed, linked to transport/storage cost curves, in (r)
H(r)CECCPR H(r)CEBCPR H(r)CEXCPR	Balance rows to account for individual CO <sub>2</sub> produced from CTL, BTL, CBTL (respectively) that gets captured for transport/storage, in (r)
H(r)CAC H(r)CAB H(r)CAX H(r)CO2ATM	Balance row to account for CO <sub>2</sub> produced from CTL, BTL, CBTL (respectively) that gets released to the atmosphere; and total carbon released across sources, in (r)
H(r)CEC H(r)CEB H(r)CEX	Row to account for CO <sub>2</sub> produced from CTL, BTL, CBTL (respectively), available for compression, balanced with volumes compressed and volumes not compressed, in (r)
H(r)CACESC H(r)CABESC	Balance row to account for CO <sub>2</sub> produced from CTL, BTL, CBTL (respectively) that cannot be captured/compressed, in (r)

Name	Constraint Represented
H(r)CAXESC	
H(9)BIODRQ	Balance row to account for total CO <sub>2</sub> produced from CTL, BTL, CBTL that gets captured/compressed, linked to transport/storage cost curves, in (r)
I(r)DIS	Balance row to distribute distillate produced at the marginal refinery into N2H, DSL, DSU in (r)
I(r)GAS	Balance row to distribute motor gasoline produced at the marginal refinery into TRG, SSE, SSR in (r)
I(r)RES	Balance row to distribute residual fuel produced at the marginal refinery into N6I, ARB (unfinished oil) in (r)
I(r)SWG	Balance row to allow distillates and motor gasoline produced at the marginal refinery to swing between TRG, SSE, SSR, N2H, DSL, DSU, JTA based on economics, in (r)
I(w)(xxx)	Balance row for crude feed into marginal and infra-marginal world refineries, in (w), (xxx = FLL, IMC)
I@(crt)	Foreign crudes (crt)
I@GENCRD	Global crude balance
I@GLBNGL	Global NGL balance
L(r)(uns)CAP	Process (uns) capacity in (r)
L(d)(uns)CAP	Process capacity in (d) for (uns) biodiesel, cellulosic and advanced ethanol
L(d)CETCAP L@CETCAP	Accounting row for total corn ethanol capacity in (d)
L(d)CETCD1 L(d)CETCD2	Cumulative corn ethanol capacity in (d) for process type D1, D2 (DM1, DM2)
L(d)CETOLD	Existing corn ethanol capacity in (d) at start of forecast
L(w)IUPCAP	International downstream upgrading capacity, in (w)
MAXCORN4RFS	Maximum corn ethanol accounted for RFS
M(r)(prd) M(d)(prd)	Final product (prd) demand balance at refinery (r) or CD (d)
M(r)MTBFRFG	MTBE (and other ethers) limit in RFG motor gasolines in (r)
M(r)MTBTRG	MTBE (and other ethers) limit in TRG motor gasolines in (r)
M(w)(xxx)	(xxx = DIS,LPG,N6I,N6B,NAP,OTH,PCF,SSE,SSR,TRG) in international region (w)
O(o)(crt)	Domestic crude oil (crt) accounting in (o)
OBJ	Objective function (maximize: revenues - costs)
OPAFLT(x)	(x = C,D,L,O)
P(r)(pol)	Policy (pol) constraint in (r)
P(r)CBNTAX	Total taxable carbon emissions in (r)
P(r)LOS	Accounting row for refinery loss in (r)
P(r)OVC	Total variable cost for the refinery in (r)
Q(r)(prd)(qd)(c)	Product (prd) specification for quality (qd) constraint type (c) in (r)
Q(r)(prd)(qm)(c)	Product (prd) specification for quality (qm) constraint type (c) in (r)
R(r)(ist)	Balance for intermediate refinery gas stream (ist) in (r) not processed by SGP (ist=cc1, cc2, cc3, nc4, ic4, hyl)
RFSSAFE	Balance row to ensure an RFS credit for biomass is included as a credit for advanced and total RFS accounting (only if PMM RFS flag

Name	Constraint Represented
	RFSSAFFLG=0 in rfctrl.txt)
S(r)(mgb)E	Balance row for blending gasolines (mgb) in (r)
S(r)(dfo)E	Balance row for blending fuel oils (dfo) in (r)
S(r)RFGOXY	Constraint on renewable OXY limits in (r)
S_CL(n)(k) *	Energy balance of coal production to total coal demand for coal type (k) from coal supply region (n)
SO2_CTL(se) *	SO <sub>2</sub> emission balance for SO <sub>2</sub> emissions in SO <sub>2</sub> region (se) from all coal used in coal to liquids production
TANGKGTX	Maximum NG production in Alaska for GTL use
TAOILGTN	Minimum flow requirement on Trans-Alaska Pipeline (TAPS) in Alaska
TAOILGTX	Maximum flow requirement on Trans-Alaska Pipeline (TAPS) in Alaska
TPC(b)(m)(r)	Crude pipeline transportation capacity balance row from (b=1-6,C) to (r) via mode type (m)
TPL(r)(m)(d)	LPG pipeline transportation capacity balance row (r) to (d) mode type (m)
TPP(r)(m)(d)	Product pipeline transportation capacity balance row (r) to (d) mode type (m)
TVC(m)CP	Crude oil vessel transportation capacity limits for mode (m)
TVP(m)CP	Product vessel transportation capacity limits for mode (m)
U(r)(uuu)	Utilities (uuu) in region (r)
X(d)MAXSPL	Balance row to put total blended motor gasoline into accounting variable X(d)MAXSPL (with UL) in (d)
Z(r)CAP(uns)	Balance row for total capacity of (uns) in (r)
Z(r)CFNSUM Z(r)CFSSUM Z(r)CFOSUM	Sum row for natural gas (CFN), still gas (CFS) and other (CFO) fed to refinery cogeneration units in (r)
Z(r)NGFSUM	Sum row for natural gas to refineries in (r)
ZZAMHSUM	Sum row for Alaskan crude export
Z@FLLIMP	Set lower limit on national import level for FLL crude
Z@WOP	Current world oil price in value of RHS
Z@CRDTOT	Sum row for total crude in U.S.
Z@YRITER	Iteration year
Z@IRAC(c)	Sum row of constraint type (c) to force average refinery crude cost within specified range
ZD(mmddyy)	Month, day, year of matrix generation

\* Created in PMM, not MRM

The following table gives the dimensions of the MRM model represented by the input data provided to the MRM program. Note, however, that during a NEMS forecast run, the LP representation is modified within the PMM throughout the forecast. For example, detailed coal supply curves are added to the matrix the year CTL units can be built. This enhanced model includes additional column and row variables not in the starting LP matrix. Thus, a second set of dimensions is included in the table below that reflects the LP solved in NEMS in 2035.

Model	Columns	Rows
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Model	Columns				Rows		
	Total	Fixed	Bound Upper	Lower	Total	Fixed	RHS
MRM (5 regions)	23356	1032	3268	15	8246	6528	40
NEMS run, 2035	27066	2111	5701	61	8420	6615	52

## Subroutines

The program consists of several subroutines and a main program. The subroutines can be grouped into the following categories: those that setup the OML environment, read in the data tables, form parts of the matrix representation of the model, solve the model, retrieve needed information for report writing, and write the reports. All the subroutines that generate part of the matrix representation of the model use input from data files in an OML format. These files have a .dat extension. Some subroutines use ASCII files as input, while others do not use any. The following table shows the source code/subroutine file names, the input data file names, and the purpose of the subroutines.

Source Code	Data file	Purpose
accunit.f	accunit.dat	Represents ACU unit
akaexp.f	akaexp.dat	Represents Alaskan exports
avoids.f	avoids.dat	Represents the avoids (not used)
cogener.f	cogener.dat	Represents the cogeneration
crdimprt.f	crdimprt.dat	Represents crude imports
demand.f	demand.dat	Represents demands
distblnd.f	distblnd.dat	Represents distillate blending
distress.f	distress.dat	Represents the distress imports and exports
domcrude.f	domcrude.dat	Represents crude inputs
emish.f	emish.dat	Represents emissions
ethanol.f	ethanol.dat	Represents corn ethanol processing units, and supply curves for biomass and biofuels production, and ethanol imports
fixcol.f	fixcol.dat	Fixes some columns (not used)
fuelmix.f	fuelmix.dat	Simulates fuel mixing
gasoblnd.f	gasoblnd.dat	Simulates gasoline blending
intrref.f	intrref.dat	Defines the international refinery
limpol.f	limpol.dat	Puts limits on policy rows (not used)
llookup.f		Retrieves solution
mrm.f	mrmparam, mrmpath remain.dat	Program MPS2ANAL: Sets up the OML environment, reads in some main data, controls the program, calls subroutines to form matrix, solves problem, stores solution, writes reports, basis and packs matrix.
mrm.f	marfll.dat	Subroutine MARFLL: Sets up representation for domestic marginal refinery in each PADD
mchproc.f	mchproc.dat	Simulates the merchant plant, including CTL, GTL
ngprod.f	ngprod.dat	Provides gas supply steps to refinery
nrplant.f	nrplant.dat	Simulates the non-refinery plant activities (gas plant, methanol

Source Code	Data file	Purpose
		plant)
output.f		Prints a report (not used)
prdex.f	prdex.dat	Simulates the product exports
prdimprt.f	prdimprt.dat	Simulates the product imports
recipes.f	recipes.dat	Specifies product recipe blends
refproc.f	refproc.dat	Simulates the refinery
setrows.f	setrows.dat	Sets some rows
splash.f	splash.dat	Simulates splash blending
stream.f	stream.dat	Simulates stream transfers
tabread.f		Reads data tables
transit5.f	transit.dat	Simulates product and crude oil transportation for 5-PADD representation of MRM
unfinished.f	unfinish.dat	Provide for unfinished oil imports
utility.f	utility.dat	Simulates utility purchased
world_demand.f	wrld_dem.dat	Defines international demand curves for petroleum products
wrldcrude.f	wrdcrude.dat	Defines international supply of crude oil
wrldprod.f	wrldprod.dat	Defines product transport links between international regions and U.S. regions

Most of the subroutines that constitute the program generate part of the matrix representation of the model. The following gives a representation of the submatrix generated by each subroutine in table form. Columns of the tables correspond to activities (vectors), and rows of the tables to constraints. The symbols x, -x or +-x represent matrix coefficients. Some parts of the LP matrix are generated within the PMM during a NEMS run. These are listed first (below), with the subroutine(s) identified that generate the submatrix presented.

**Created in the PMM (subroutine CTL\_COAL):**

Simulates coal supply links to CTL facilities, using coal supply and demand data from the CMM.

	CT(n)(j)(k)	CP(n)OTXX	CP(n)(k)(q)	N(r)CL(r)N1	P_SO2_1	P_SO2_1	P_HG_US
S_CL(n)(k)	x	x	-x				
CL(j)CTL	-x			x			
SO2_CTL1	x				-x		
SO2_CTL2	x					-x	
HG_CTL_US	x						-x
OBJ	-x		-x		-x	-x	

Bounds: CP(n)((k)(q), CP(n)OTXX

**Created in the PMM (subroutine CHGDMDS):**

	D(d)E85S(s)	D(d)TRGTBL	D(d)RFGTBL	D(d)TRHTBL	D(d)RFHTBL	RHS
D(d)PRDEQU	X	X	X	X	X	X
D(d)RFGFRC (d≠9)		-X	X	-X	-X	
D(d)TRHFRC (not d=1,2,3,5,6)		-X	-X	X	-X	
D(d)RFHFRC (d=9)		-X	-X	-X	X	
OBJ	X					

Where s=01,02,...,56 (steps on E85 demand curve)

Bounds: D(d)E85S(s)

**Continued:**

	D(d) TRGS1	D(d) RFGS1	D(d) TRHS1	D(d) RFH5S1	D(d) TRGTBL	D(d) RFGTBL	D(d) TRHTBL	D(d) RFHTBL
D(d)TRGCRV	X				-X			
D(d)RFGCRV		X				-X		
D(d)TRHCRV			X				-X	
D(d)RFHCRV				X				-X
D(d)TRGCRV				X				

**Continued:**

	D(d)E85S(s)	D(d)E85TBL	X(d)ETHE85	I(d)E85Z9
D(d)E85CRV	-X	X		
D(d)E85		-X	X	X

Where s=01,02,...,56 (steps on E85 demand curve)

**Created in the PMM (subroutine PM\$BIO):**

	C(br)B(bt)(ss)	X(br)ET(bt)(d)	X(br)BT(bt)(d)	O(br)H2(bt)X	O(br)PW(bt)X
H(br)BIO(bt)	X	-X	-X	-X	-X
H(d)BIO		X			
A(d)BIOCNS		X			
A@BIOCNS		X			
H(d)BIOBTL			X		

	C(br)B(bt)(ss)	X(br)ET(bt)(d)	X(br)BT(bt)(d)	O(br)H2(bt)X	O(br)PW(bt)X
OBJ	-X				

Continued:

	X(d)BIO(m)(r)			
H(d)BIOBTL	-X			
H(r)BIO	X			

Where ss=01,02,...,49 (steps on supply curve)

Bounds: O(br)H2(bt)X, O(br)PW(bt)X, C(br)B(bt)(ss)

Created in the PMM (subroutine RFUPD8\_INV):

	K(r)MARMOTH	R(r)MARFLL	K(r)MARCAP	K(r)ACUMOTH	
L(r)MARCAP	X	X	-X		
L(r)ACUCAP				X	
OBJ	X		-X	X	

Bounds: K(r)MARMOTH, K(r)MARCAP, K(r)ACUMOTH

**accunit.f:**

This subroutine simulates the ACU unit. It creates the following submatrix:

	R(r)ACU(crt)
A(r)CRDFCR*	X
A(r)STM	-X
A@CRDFCR*	X
A(r)CRX(crt)	X
A@CRDTOT	X
B(r)(ist)	+-X
C(r)(crt)	-X
S(r)(ist)	X
F@TOTCRD	X
L(r)ACUCAP	X
P(r)(pol)**	+-X

	<b>R(r)ACU(crt)</b>
<b>U(r)(uuu)</b>	-X
<b>Z@CRDTOT*</b>	X

\* for (crt) = FLL, FMH, FHL, FHH, and FHV

\*\* for (pol) = OVC, FRL

RHS: A@INVST, A(r)INVST

Bounds: None

### akaexp.f:

This subroutine simulates the Alaskan exports. It creates the following submatrix:

	<b>NZAMH(i)</b>	<b>ZZAMHTOT</b>	<b>TAAMHXZ</b>	<b>PANGLQ1</b>
<b>OBJ</b>	+X*	X	-X	-X
<b>CAAMH</b>			-X	
<b>CZAMH</b>		-X	X	
<b>BW(ist)</b>				X
<b>ZZAMHSUM</b>	X	-X		
<b>A@AKAEXP</b>		X		
<b>A@CRDEXP</b>		X		
<b>AANGLPRD</b>				X
<b>A@NGLPRD</b>				X
<b>AWNGLRFN</b>				X

(i) = N1, N2, N3, P4, P5, P6

\* : -x if i = N1, N2, N3; x if i = P4, P5, P6

Bounds: PANGLQ1, NZAMH(i)

### avoids.f:

This subroutine simulates the avoids. It is turned off. It creates the following submatrix:

	<b>D(d)(prd)N(i)</b>	<b>D(d)(prd)P(i)</b>
<b>D(d)(prd)</b>	X	-X
<b>A(d)(prd)</b>	-X	X
<b>A@PRDDEM</b>	-X	X
<b>A@AVDNEG</b>	X	

	D(d)(prd)N(i)	D(d)(prd)P(i)
A@AVDPOS		X

(i) = 1, ..., 3

Bounds: D(d)(prd)N(i) and D(d)(prd)P(i)

**cogener.f:**

This subroutine simulates the cogeneration unit. It creates the following submatrix:

	E(r)CGNINV	K(r)CGNCAP	L(r)CGNBLD	R(r)CGNCGN
B(r)CFN				-X
B(r)CFO				-X
B(r)CFS				-X
L(r)CGNCAP	-X	-X	-X	X
OBJ	-X		-X	X
P(r)OVC				-X
U(r)(uuu)				X
A@FXOC	X		X	
A(r)FXOC	X		X	
A@INVST	X			
A(r)INVST	X			
A@KWHRFN				X

	E(r)CGXINV	K(r)CGXCAP	L(r)CGXBLD	R(r)CGXCGN	R(r)CHP(mod)
B(r)CFN				-X	
B(r)CFO				-X	
B(r)CFS				-X	
L(r)CGXCAP	-X	-X	-X	X	
OBJ	-X		-X	X	X
P(r)OVC				-X	
U(r)(uuu)				X	X
A@FXOC	X		X		
A(r)FXOC	X		X		
A@INVST	X				

	E(r)CGXINV	K(r)CGXCAP	L(r)CGXBLD	R(r)CGXCGN	R(r)CHP(mod)
A(r)INVST	X				
A@KWHRFN				X	X
A(r)CHPCGN					X

	E(r)CGXINV	K(r)CGXCAP	L(r)CGXBLD	R(r)CGXCGN	R(r)CHP(mod)
B(r)CFN				-X	
B(r)CFO				-X	
B(r)CFS				-X	
L(r)CGXCAP	-X	-X	-X	X	
OBJ	-X		-X	X	X
P(r)OVC				-X	
U(r)(uuu)				X	X
A@FXOC	X		X		
A(r)FXOC	X		X		
A@INVST	X				
A(r)INVST	X				
A@KWHRFN				X	X
A(r)CHPCGN					X

	T(r)(str*)CF S	Z(r)CFSSUM	T(r)(str**)CF O	Z(r)CFOSUM	T(r)NGSCF N	Z(r)CFNSU M
Z(r)CFSSTG	X	-X				
B(r)CFS		X				
Z(r)CFOOTH			X	-X		
B(r)CFO				X		
Z(r)CFNNGS					X	-X
B(r)CFN						X

	E(r)CGBINV	K(r)CGBCAP	L(r)CGBBLD	R(r)CGBCGN	

	E(r)CGBINV	K(r)CGBCAP	L(r)CGBBLD	R(r)CGBCGN	
H(r)BIO				-X	
L(r)CGBCAP	-X	-X	-X	X	
OBJ	-X		-X		
P(r)OVC				-X	
U(r)(uuu)				X	
A@FXOC	X		X		
A(r)FXOC	X		X		
A@INVST	X				
A(r)INVST	X				
A@KWHRFN				X	

(str\*) = C2E, CC2, PGS, PGU, PGX

(str\*\*) = GLH, GLI, LNI, LNN, LNP, NPI, NPN, NPP, SRC, SRH, SRI, SRL

Bounds: E(r)CGNINV, K(r)CGNCAP, L(r)CGNBLD, E(r)CGXINV, K(r)CGXCAP, L(r)CGXBLD

#### crdimprt.f:

This subroutine simulates the crude imports into the United States:

	P(r)(crt)(Qs)
C(r)(crt)	X
OBJ	-X
Z@IRACN	X
Z@IRACX	X
A(r)CRDIMP*	X
A@CRDIMP	X
Z@FLLIMP**	X

(Qs) = supply step Q1,Q2,Q3

\* (r)= PADDs II and IV only; \*\*(crt)=FLL only

RHS: A(r)CRDIMP\* A@CRDIMP Z@FLLIMP

Bounds: P(r)(crt)Q(s)



**demand.f:**

This subroutine simulates product demands. It creates the following submatrix:

	D(d)(prd)S1	D@METS1	CUSCREDIT CUSCREDB	CUSXCRT CUSCRT1	D(d)E85S(s)	ESCAPEVL
D(d)(prd)	-X					
OBJ	X		-X -X	-X -X		-X
A(d)(prd)*	X					
A@METDEM		X				
A@PRDEEM	X					
D@MET		-X				
D(d)PRDEQU					X	
C@ETHBIO			X			
C@CLLBIO			X			
C@CLLTOT			X	X X		
C@ETHVOL	-X**					X

\* for (prd) not equal to E85 or M85

\*\* only for (prd) = E85, TRG,RFG,TRH,RFH,DSL,DSU

Bounds: D@METS1 and D(r)(prd)S1

**distblnd.f:**

This subroutine simulates the distillate blending. It creates the following matrix:

	F(r)(dfo)(ist)	Q(r)(prd)*
A(r)(prd)*		X
A(r)STM		-X
A@PRDRFN		X
B(r)(ist)	+-X	
M(r)(prd)*		X
Q(r)(prd)*(qd)(c)	+-X	-X
S(r)(dfo)E	X	-X
U(r)STM		-X
A(r)(dfo)CTI**	X	

\* (prd) = (dfo) only

\*\* (dfo) = DSL, DSU, DSC only

Bounds: None

**distress.f:**

This subroutine simulates product distresses. It creates the following submatrix:

	I(d)(pi9)Z9	D(z)(px9)Z9
OBJ	-X	+-X
D(d)(pi9)	X	
A@ZZIMP	X	
D(d)(px9)		-X
A@ZZEXP		X

(z) = export demand regions (d) 2,3,7,8,9

Bounds: None

**domcrude.f:**

This subroutine simulates domestic crudes. It creates the following submatrix:

	P(o)DCR Q1	PADCRQ 1	TAALLTOT	TAAMHTOT	O@CRDEX P	O@CRDSP R
OBJ	-X	-X				
C(o)(crt)	X					
CAALLTOT		X	-X			
CAAMHTOT		X		-X		
CAALL			X			
CAAMH				X		
CBFHL						-X
A@CRDDCR	X	X				
A@CRDAKA		X				
A@CRDL48	X					
A@CRDEXP					X	
A@CRDSPR						X
A@CRDFCR						X
O(o)(crt)	X	X				

(o) : except A

Bounds: P(o)DCRQ1, PADCRQ1, O@CRDEXP, O@CRDSPR

**emish.f:**

This subroutine simulates emissions. It creates the following submatrix:

	K(r)(uns)CAP	R(r)FUM(ist)	BWRFG(str) WWRFHX9	*DMD	X9(eth)(mg)	LCSAFEMG
E(r)(emu)N	X					
E(r)(emu)C		X				
CALCFSMG			-X X	-X X	-X X	-X
OBJ						-X

	I@BIMM9	FWDSC(str) H9(uns*)(mod) W(cd)BIN(m)9 W(cd)BIM(m)9	H9BIMDMD H(BINDMD)	X9BIMDSC X9BINDSC J9DSCDSC	LCSAFEDS
CALCFSDS	-X X	-X X	-X X	-X X	-X X
OBJ					-X

where, uns = FCC, VBR, VCU, KRF

\* = CNG, EV, LPG (compressed NG, electric vehicles, LPG)

(str) = renewable streams

(uns\*) = BDN, BDV, BDW

(eth) = ETH, ETC, ETA (corn, biomass, advanced ethanol)

(mg) = RFH, E85

Bounds: None

**ethanol.f:**

This subroutine represents ethanol supply and prices. It creates the following submatrix:

	C(d)CRNR(i)	H(d)CET(mod)	H(cd)(ist)TOT	H(r)(iii)(m)(d)	H(d)CETCT	N(d)ETHCOA
OBJ	-X		+X		X	-X
H(d)CRN	X	-X				
A(d)CRNCNS	X					

	C(d)CRNR(i)	H(d)CET(mod)	H(cd)(ist)TOT	H(r)(iii)(m)(d)	H(d)CETCCT	N(d)ETHCOA
A@CRNCNS	X					
L(d)CETOLD*		X				
L(d)CETCD(#)		X				
H(d)(ist)		+-X	-X			
H(r)(uuu)		-X				X
H(r)OVC		-X				
A(d)CET(uuu)		-X				
A@CET(uuu)		-X				
H(d)DEN		-X		X		
M(r)SSE				-X		
G(r)NAT				-X		
A(d)CETCCT		-X			X	

	K(d)CET(mod)**	K(d)CETOLD	L(d)CET(mod)**	E(d)CET(mod)**	H(d)CET(mod)
OBJ			-X	-X	
L(d)CETCD(#)	-X		-X	-X	
L(d)CETCAP	X	X	X	X	
L@CETCAP	X		X	X	X
L(d)CETOLD		-X			
A(r)INVST				X	
A@INVST				X	

	C(d)BIOR(s)	H(d)CLELIG	H(d)CLZLIG	C(d)SBOR(ss)	H(d)BDVSBO	I@PLMM(d)
OBJ	-X			-X		-X
H(d)BIO	X	-X	-X			
A(d)BIOCNS	X					
A@BIOCNS	X					
H(d)SBO				X	-X	X
A(d)SBO				X		
A@SBOCNS				X		

	C(d)BIOR(s)	H(d)CLELIG	H(d)CLZLIG	C(d)SBOR(ss)	H(d)BDVSBO	I@PLMM(d)
H(d)DEN		-X	-X			

	H(d)CLELIG	H(d)CLZLIG	E(d)CLEINV	L(d)CLEBLD	K(d)CLECAP	E(d)CLZINV	K(d)CLZCAP
OBJ			-X	-X		-X	
L(d)CLECAP	X		-X	-X	-X		
L(d)CLZCAP		X				-X	-X
A@CLZPRD						X	X
A(r)INVST			X			X	
A@INVST			X			X	

	H(d)CLECCT	H(d)CLELIG	H(d)CLZLIG	H(d)CLEKWH	H(d)DDGTOT	H(d)EDGTOT
OBJ	X			X	X	X
A(d)CLECCT	X	-X	-X			
A(d)CLEGRD		-X	-X	X		
DOMDDGMK					X	
H(d)DDG					-X	-X

	E(d)(bbb)IN V	K(d)(bbb)CAP	L(d)(bbb)BL D	H(d)(bbb)(ccc )	H(d)(bbb)CCT	H(d)(bbb)TOT
OBJ	-X		-X			
L(d)(bbb)CAP	-X	-X	-X	X		
A(r)INVST	X					
A@INVST	X					
H(d)SBO				X	-X	
A(d)SBOCNS				X		
A@SBOCNS				X		
A(d)(bbb)CCT (bbb ≠ BDW)				-X	X	
H(d)(bbb)				X		-X
A(d)(bbb)KWH				-X		
A(d)(bbb)STM				-X		
D(d)MET				-X		

	E(d)(bbb)IN V	K(d)(bbb)CAP	L(d)(bbb)BL D	H(d)(bbb)(ccc )	H(d)(bbb)CCT	H(d)(bbb)TOT
H(d)GLY				X		
H(r)KWH				-X		
H(r)OVC				-X		
H(r)STM				-X		

	C(d)WGRR(s)	H(d)BDWWGR	C(d)YGRR(s)	H(d)BDNYGR	D(d')ETHSX(s)	X(d)ETHE85
OBJ	-X		-X		X	X
H(d)WGR	X	-X				
A(d)WGRCONS	X					
A@WGRCONS	X					
H(d)YGR			X	-X		
A(d)YGRCONS			X			
A@YGRCONS			X			
A@ETHEXP					X	
C@ETHBIO					-X	
D(d')ETH					-X	

	H(d)BDVS BO	H(d)BDWW GR	H(d)BIMTO T	H(d)BDNYG R	H(d)BINTO T	X(d)BIMDS L X(d)BIMDS U	X(d)BINDS L X(d)BINDS U
OBJ							
H(d)BIN				X	-X		
H(d)BIM	X	X	-X				
D(d)BIN					X		
D(d)BIM			X				
A(d)BIMPRD			X				
A@BIMPRD			X				
A(d)BINPRD					X		
A@BINPRD					X		
C@BIOTOT			X		X		
C@CLLBIO			X		X		

	H(d)BDVSB O	H(d)BDWW GR	H(d)BIMTO T	H(d)BDNYG R	H(d)BINTO T	X(d)BIMDSL X(d)BIMDS U	X(d)BINDSL X(d)BINDS U
C@ETHBIO			X		X		

	H(d)BIMEXP H(d)BINEXP	D@BIDSX(s)				
OBJ		X				
D@BIDEXP	X	-X				
A@BIDEXP		X				
A(d)BIMPRD A(d)BINPRD	X X					
A@BIMPRD A@BINPRD	X X					

	H(d) ETHTOT	H(d) ETCTO T	I@ ETHM(d )	I(d) ETH(Rs )	I@ ETH(Rs )	I@ ETHCBI T	I@ ETHUS B	I@ ETHCB B	I@ ETHCB D
OBJ				+-X	-X		-X	-X	
C@ETHBIO	X	X	X						
C@CLLBIO		X	X						
C@CLLTOT		X							
A(d)ETH	X	X	X						
D(d)ETH	X	X	X						
H(d)ETH	-X								
H(d)ETC		-X							
A@ETHPRD	X	X	X						
A@ETCPRD		X							
C@ETHIMP			-X			X	X		
C(d)ETHIMP			-X	X					
MAXCORN4 RFS	X								

	H(d) ETHTOT	H(d) ETCTOT	I@ ETHM(d )	I(d) ETH(Rs )	I@ ETH(Rs )	I@ ETHCBI	I@ ETHUS B	I@ ETHCB B	I@ ETHCB D
C@ETHCBI						-X		X	X
C@ETHBRZ					X		-X	-X	

	I@PLMM(d)	I(d)PLMR(s)	I@PLMR(s )	I@BIMM(d)	I@BIMR(s)	I(d)BIMR(s )
OBJ	-X	+X	-X		-X	+X
C(d)PLMIMP	-X	X				
C@PLMIMP	-X		X			
A@BIMPRD				X		
C(d)BIMIMP				-X		X
C@BIMIMP				-X	X	
C@ETHBIO				X		
C@CLLBIO				X		
C@BIOTOT				X		
D(d)BIM				X		
A(d)CETCCT		-X			X	

	H(d)AET(mod)	E(d)AETINV	L(d)AETBLD	K(d)AETCAP	C(d)GRNR(s)
OBJ		-X	-X		
H(d)DEN	-X				
H(d)(ist)	X, -X				
H(d)GRN	-X				
H(r)OVC	-X				
L(r)AETCAP	X	-X	-X	-X	
A(r)INVST		X	X		
A@INVST		X	X		
A(d)GRNCNS					X
A@GRNCNS					X



	H(d)ETATOT	X(d)ETA(mg)	W(d')ETAM(d)	W(d)ETAM(d')	I@ETAM(d) I@ETAC(d)
D(d)ETA	X	-X	-X	X	X
H(d)ETA	X				
A(d)ETH	X				
A@ETAPRD	X				
A@ETHPRD	X				
C@ETHBIO	X				
C@CLLBIO	X				X

	H(d)CETEXP	H(d)CETETH	D(d)ETHSX(s)		
D(d)CETEXP	X	-X	-X		
A(d)ETH	X				
H(d)ETH	-X				
A@ETHPRD	X				

i = 1, ..., 4; s=1,...,5; #=1,2 for DM1,DM2; ist=DDG,WMC,DEN,ETH; iii=SSE,NAT  
\* for mod=DME,WME only; \*\* for mod=DM1,DM2 only; uuu=COA only; d'=cd 3,4 only;  
when bbb=BDV, BDW, BDN, then ccc=SBO, WGR, YGR, respectively;  
Bounds: C(d)ETHR(i), C(d)ETCR(i), C(d)BIMR(i), C(d)BINR(I), C(d)CRNR(i),  
H(d)CET(mod)\*, E(d)CET(mod)\*\*, C(d)BIOR(s), C(d)(ccc)R(s), K(d)CLECAP, K(d)CLZCAP,  
K(d)(bbb)CAP, I(d)ETHR(s), I(d)PLMR(s), I(d)BIMR(s), I@BIMR(s), I@ETHR(s), I@PLMR(s),  
D(d)ETHSX(s), E(d)AETINV, L(d)AETBLD  
RHS: row A@ETCPRD, A@ETHPRD, A@ETAPRD, A@CLZPRD, DOMDDGMK,  
MAXCORN4RFS, L@CETCAP

**fixcols.f:**

This subroutine fixes some variables or activity. No submatrix is generated.  
Bounds: R(r)FCC(ist)

**fuelmix.f:**

This subroutine simulates fuel mixing. It creates the following submatrix:

	R(r)FUM(mod)	T(r)CBNTAX	K(r)FUMCAP
OBJ		-X	
P(r)CBNTAX		X	
A(r)FUM(xxx)	X		
A@FUM(xxx)	X		
A(r)FUEL			X
A@FUEL			X

(xxx) = fuel type, LPG, OTH, N2H, NGS, STG, N6I, N6B

Bounds: None

#### gasoblnd.f:

This subroutine simulates gasoline blending. It creates the following submatrix:

	B(r)(mgb)(ist)	Q(r)(mgb)	Q(r)(dfo)	Z(r)RFGOXY
OBJ		-X	-X	
A(r)(xxx)(mgb)	X			
A@(xxx)(mgb)	X			
A(r)(prd)*		X		
A@PRDRFN		X		
A(r)(mgb)M00	X			
A(r)(mgb)R00	X			
B(r)(ist)	-X			
M(r)(prd)		X		
M(r)MTB(mgb)	X **			
Q(r)RFGREN				-X
Q(r)(mgb)(qq)(c)	X	-X		
S(r)(mgb)E	X	-X		
S(r)RFGOXY				-X
U(r)KWH		-X		

\* (prd) = (mgb) only; \*\*ist=MTB,ETB,TAE,TAM,THE,THM only; (xxx) = GO1, ..., G12

Bounds: B(r)RFG(ist) and B(r)TRG(ist) where ist= ETB, MTB, TAE, TAM, THE, THM,

Q(r)RFG

**intlref.f:**

This subroutine simulates refineries in the international regions (w = A,N,R,U).

	R(w)ARBRES	R(w)ARCRES	R(w)N6BRES	R(w)N6IRES
OBJ			-X	-X
B(w)ARB	-X			
B(w)ARC		-X		
M(w)N6B			-X	
M(w)N6I				-X
M(w)RES	X	X	X	X

	R(w)DISDSL	R(w)DISDSU	R(w)DISJTA	R(w)DISN2H
OBJ	-X	+X/-X (*)	+X/-X (*)	+X/-X (**)
M(w)DIS	-X	-X	-X	-X
M(w)DSL	X			
M(w)DSU		X		
M(w)JTA			X	
M(w)N2H				X

\* positive for (w)=A,N,U; negative for (w)=R

\*\* positive for (w)=U; negative for (w)=A,N,R

	K(w)ILGCAP	K(w)IUPCAP
L(w)ILGCAP	-X	
L(w)IUPCAP		-X

Bounds: K(w)ILGCAP, K(w)IUPCAP

	R(w)ILGL2D	R(w)IUPN2D	R(w)IUPRD1	R(w)IUPRD2
OBJ	-X	-X	-X	-X
B(w)ARB			-X	
L(w)ILGCAP	X			
L(w)IUPCAP		X	X	X
M(w)DIS	X	X	X	X
M(w)LPG	-X			

M(w)N6I				-X
M(w)NAP		-X	X	X
M(w)OTH			X	X

	R(w)NAPPCF	R(w)NAPSSE	R(w)NAPSSR	R(w)NAPTRG
OBJ	-X/+X (*)	X (**)	-X	-X
M(w)NAP	-X	-X	-X	-X
M(w)PCF	X			
M(w)SSE		X		
M(w)SSR			X	
M(w)TRG				X

\* positive for (w) = A; negative for (w) = N,R,U

\*\* positive for (w) = U; 0.0 for (w) = A,N,R

	R(w)MARFLL	R(w)MARIMC
OBJ	-X	-X
B(w)ARB		X
B(w)ARC	X	
I(w)FLL	-X	
I(w)IMC		-X
M(w)DIS	X	X
M(w)LPG	X	X
M(w)N6B	X	
M(w)N6I		X
M(w)NAP	X	X
M(w)OTH	X	X

Bounds: R(w)MARFLL, R(w)MARIMC

	T(w)FLL	T(W)IMC
I@FHH		-X
I@FHL		-X
I@FHV		-X

I@FLL	-X	
I@FMH		-X
I(w)FLL	X	
I(w)IMC		X

**limpol.f:**

This subroutine defines policy conditions. It creates the following submatrix:

	K(r)(uns)CAP	E(r)(uns)INV	L(r)(uns)BLD	Z(r)FLO(uns)
Z(r)CAP(uns)	X	X	X	-X
P(r)(pol)				-X

(uns) = specific units under policy controls (FCC, KRF, RFL, DDS, ETH, ETM, FUM)

Bounds: None

**lplookup.f:**

Retrieves solution values and stores them in arrays. (Not updated for 5-padd model.)

**mrm.f: (main)**

This subroutine reads in the mrmparam file that has the information relative to the model to run; initializes the OML subroutine library environment; opens the database; specifies a problem in the database for processing; initializes the matrix processing; reads in the path file, the refmain.dat file that contains some global variables such as the refinery, the exporting, and demand regions code; calls the subroutines that generate the matrix; puts bounds (MRM\_ADDBND) on selected variables to allow in-memory changes; ends the matrix processing; writes out the MPS file; inserts the advanced basis; solves the matrix; puts the solution in output; writes the optimal basis; prints reports; packs the matrix; and closes the database.

	Z@TOTCRD
OBJ	
Z@WOP	
Z@CRDTOT	-X
Z@IRACN	-X
Z@IRACX	-X
Z@YRITER	
ZD120106	

**mchproc.f:**

This subroutine represents the merchant plant. It creates the following submatrix:

	K(r)(uns)C AP	E(r)(uns)IN V	L(r)(uns)B LD	H(r)(uns)(m od)	E@(uns)INV uns=CTX, CBL, BTL,BPU	H(r)ETXIDL
L(r)(uns)CAP	-X	-X	-X	X		
L(r)ETXCAP	-X	+X*****	-X	X		X
OBJ		-X	-X			
A@FXOC		X	X			
A(r)FXOC		X	X			
A@INVST		X				
A(r)INVST		xa				
A@(uns) uns=BTL,CBL				X		
<u>E@(uns)MBX</u> uns=CTX, BTL, BPU	-X***	-X***	-X***		X	
A(r)(uns)BIO uns=BTL, CBL,BPU				X		
A(r)(uns)BIT uns=CTL, CBL				X		
E@CTZEPC		X****	X****			

	T(r)MCHOVC	H(r)(aa)(bb)(is t)*****	H(r)(uns)(mod) uns=CTX, BTL,CBL	H(r)(uns)KWH	H(r)CTZBIT
OBJ	-X			X	
H(r)OVC	X				
A(r)(uns)GRD uns=CTX,			-X	X	(-X)

	T(r)MCHOVC	H(r)(aa)(bb)(ist) t)*****	H(r)(uns)(mod) uns=CTX, BTL,CBL	H(r)(uns)KWH	H(r)CTZBIT
BTL, CBL					
C@ETHBIO		X			
C@CLLBIO		X			
C@CLLTOT		X			
L(r)CTXCAP			X		

	H(r)(aa)(bb)(ist) *****	H(r)MPWH(ist) )*****	N(r)SCSN(s)	X(d)BIOT(r)	H(r)(uns)(mod)
OBJ	-X		-X		
C@ETHCRD	X	X			
C(r)(uns)(ist) uns=BTL, CBL, CTL	X	X			
C(r)(uns)TOT uns=BTL, CBL, CTL	X	X			
A(r)(uns)WH uns=BTL, CBL, CTL		X			
H(r)(ist)		-X			
M(r)DSU or M(r)PCF		X			
H(r)SCS			-X		
H(r)BIO				X	-X
H(d)BIOBTL				-X	

**mchproc.f (Continued)**

	H(r)ETX(mod) )	H(r)FUX(mod) )	K(r)FUXCA P	H(r)KWHMC H	H(r)(aa)(bb)(is t)*
H(r)(ist)		-X			+-X
H(r)(uuu)		+X			

	H(r)ETX(mod )	H(r)FUX(mod )	K(r)FUXCAP	H(r)KWHMCH	H(r)(aa)(bb)(ist)*
H(r)(pol)		+X			
G(r)(ist)					+X
B(r)(ist)					+X
H(r)KWH				X	
H(r)OVC					
A@MTBPRD	X				
A@NGLPRD					X
OBJ				-X	-X
H(r)FUMCAP		X	-X		
L(r)(uns)CAP					

**mchproc.f (Continued)**

	H(r)(uns)(col) uns=CTX, CTZ,CBL	H(r)(uns)CO2 uns=CCC, CCB,CCX	N(r)CO2N(s)	Z(r)CO2CPR	Z(r)(ccc)CPR ccc=CEC, CEB,CEX
OBJ			-X		
H(r)(col)	-X				
H(r)CO2		X	-X		
H(r)CO2CPR			X	-X	
H(r)(ccc)CPR ccc=CEC,CEB, CEX		X			-X

**mchproc.f (Continued)**

	H(r)(uns)(col) uns=CTX,CTZ, CBL,BTL	H(r)(uns)CO2 uns=CCC, CCB,CCX	Z(r)(ccc)ATM ccc=CEC, CEB,CEX	Z(r)(ccc)ATM ccc=CAC, CAB,CAX	Z(r)(ccc)ESC ccc=CAC, CAB,CAX	Z(r)CO2ATM
H(r)(ccc) ccc=CEC, CEB,CEX	X	-X	-X			
H(r)(ccc) ccc=CAC,	X		X	-X		



	H(r)(uns)(col) uns=CTX,CTZ, CBL,BTL	H(r)(uns)CO2 uns=CCC, CCB,CCX	Z(r)(ccc)ATM ccc=CEC, CEB,CEX	Z(r)(ccc)ATM ccc=CAC, CAB,CAX	Z(r)(ccc)ESC ccc=CAC, CAB,CAX	Z(r)CO2ATM
CAB,CAX						
H(r)(ccc)ESC ccc=CAC, CAB,CAX	X				-X	
H(r)CO2ATM				X		-X

**mchproc.f (Continued)**

	H(r)(uns)(mod) uns=BTL, CBL	J(r)(bbb)CCT	
A(r)(bbb)CCT bbb=BLD,BLN, CBD,CBN	-X	X	

**mchproc.f (Continued)**

	TANSOTOT	TAGTLTOT	N(r)NGKN(s)	N(r)(col)N1	H(r)(aa)(bb)(ist) <sup>*</sup>
OBJ			-X	-X	
H(r)(ist)			X		
H(r)(col)				X	
TANGKGTX			X		
TAOILGTN	X	X			
TAOILGTX	X	X			
CAAMH		X			
CAGTLTOT		-X			X
CANSOTOT		-X			
C(r)GTL					-X

\*: first and last character of (ist); (aa) and (bb) = MP, GP, RF

Where MP = Merchant plant, GP = Gas plant, and RF = Refinery

\*\* for uns=ETX and mod=ETM,MTB

\*\*\* for uns=CTX,CTZ,CBL,BTL,BPU; \*\*\*\* for uns=CTZ; \*\*\*\*\* for uns=IOX,ETX

\*\*\*\*\* for CTL ist=CKE, CNL, CNP, CDX

a not for CTX,CTZ,CTS

Bounds: K(r)(uns)CAP, E(r)(uns)INV, L(r)(uns)BLD, H(r)GPMP(ist) and H(r)RFMP(ist) = 0;

N(r)NGKN(s), N(r)SCSN(s), H(r)BIOCAP (in refchg.f), H(r)CTXBIO, E@CTXINV,

N(r)CO2N(s)

RHS: rows TANGKGTX, TAOILGTN, TAOILGTX, A@MTBPRD, E@CTZEPC,

E@BTLMAX

**ngprod.f:**

This subroutine represents the gas supply steps to refinery. It creates the following submatrix:

	N(r)NGRF(ij)*
OBJ	+-X**
Z(r)NGFSUM	X

\* (ij) = N1, N2, N3, N4, P5, P6, P7, P8

\*\* +x for N1, N2, N3, N4 and -x for P5, P6, P7, P8

Bounds: N(r)NGRF(ij)

**nrfplant.f:**

This subroutine simulates the non refinery plant. It creates the following submatrix:

	G(r)GPL01	T(r)GPLOVC	G(r)MOH01	G(r)SC2CC1	G(r)(xxx)LPG G(r)(xxx)FLG
G(r)OVC	-X	X	-X		
OBJ		-X		X	-X
G(r)LOS	-X				
G(r)(xxx)	X				
G(r)(xxx) xxx=PGS,CC3				-X	-X
M(r)LPG		-X			X
M(r)FLG					X
A@SC2TOT				X	
G(r)SC2C1X	-X			X	
G(r)PGSLGX	-X				X

**nrfplant.f (Continued)**

	G(r)(xxx)OTH	G(r)(xxx)PCF	G(r)(xxx)LPG G(r)(xxx)FLG	G(r)(xxx)RFN
G(r)(xxx) xxx=IC4,NC4			-X	-X
G(r)(xxx) xxx=NAT	-X	-X		-X
OBJ	-X	-X	-X	-X
A(r)GPL(xxx)***	X	X	X	
A(r)GPFDLG			X	
A(r)NGLRFN				X
A@NGLRFN				X
B(r)(xxx)**				X
M(r)(prd)***	X	X	X	
A(r)NGLPRD	X	X	X	X
A@NGLPRD	X	X	X	X

**nrfplant.f (Continued)**

	G(r)MOH01	G(r)METRF N	G(r)METDEM	G(r)RFNMET
U(r)NGF	-X			
U(r)KWH	-X			
G(r)LOS	X			
G(r)PGS	-X			
G(r)OVC	-X			
OBJ		-X	-X	
A(r)NGSMER		X		
A@NGSMER		X		
B(r)MET		X		-X
G(r)MET	X	-X	-X	X
D@MET			X	

**nrfplant.f (Continued)**

	E(r)MOHINV	L(r)MOHBLD	K(r)MOHCAP	G(r)MOH01
L(r)MOHCAP	-X	-X	-X	X
A(r)NGSMET				X
A@NGSMET				X
A@METPRD				X
OBJ	-X	-X		
A(r)INVST	X			
A@INVST	X			
A(r)FXOC	X	X		
A@FXOC	X	X		

(xxx) : PGS, CC3, IC4, NC4, NAT

\* : (xxx) except NAT ; \*\*: (xxx) except PGS, CC3;

\*\*\* LPG, FLG OTH, PCF; \*\*\*\* ist = NAT, PGS

Bounds: G(r)SC3CC1, N(r)DGP, E(r)MOHINV, K(r)MOHCAP, L(r)MOHBLD

**output.f:**

This subroutine prints reports.

**prdexp.f:**

Simulates product exports. It creates the following submatrix:

	D(z)(prx)*SX	D(z)COKSX	D(z)ASTSX
D(z)(prx)	-X	-X	-X**
OBJ	X	X	
A@COKEXP		X	
A(d)PRDEXP	X		X**
A@PRDEXP	X		X**

\*: All (prx) except COK and AST; (z) = export demand regions (d) 2,3,7,8,9

\*\* : d = z = CD 9 only

Bounds: D(z)(prx)SX, except for (prx) = COK, MTB

RHS: A@COKEXP

**prdimprt.f :**

This subroutine simulates product imports. It creates the following submatrix:

	I(r)(pri)*R(s)	I(r)(pri)**R(s)	I(r)SSRR(s)	I(r)TRGT(s)
A@(pri)*IMP	X			
A(r)(pri)*IMP	X			
B(r)(pri)*	X			
A(r)(pri)RFN	X***			
A(r)PRDIMP <sub>a</sub>		X		
A@PRDIMP <sub>a</sub>		X		
M(r)(pri)**		X		
M(r)FLG		X*****		
M(r)SSR			X	
OBJ	-X	-X	-X	
A(r)SSRIMP			X****	
A(r)MGTOT(s)		-X*****		X

\* : for (pri) = MET and MTB; \*\*: for all (pri) except MET and MTB;

\*\*\* for (pri) = MTB only; \*\*\*\* (r) = PADD I only (E), \*\*\*\*\* for pri=LPG

\*\*\*\*\* for pri=SSE,TRG only

a not SSE,SSR

(s) = product import steps 1-9

RHS: A@PRDIMP, A(r)PRDIMP [(r) = PADDs II, IV only], A(r)SSRIMP\*\*\*\*\*

Bounds: I(r)(pri)R(s)

#### recipes.f:

This subroutine simulates product recipe blending. It creates the following submatrix:

	X(r)(xxx)(yyy)	X(r)(yyyy)
B(r)(ist)	-X	-X
M(r)(yyy)	X (1)	X
OBJ	X	-X (3)
U(r)STM		-X (4)
A(r)STM		-X (4)
A(r)(yyy)	X (1)	X
A(r)SULSAL	X (2)	
A@SULSAL	X (2)	
A(r)PETCOK	X (1)	

	X(r)(xxx)(yyy)	X(r)(yyyy)
A@PETCOK	x (1)	
A@PRDRFN	x (1)	x

(xxx)(yyy) = CKHCOK, CKLCOK, SULSAL

(yyyy) = AST0, AST1, AVG0, GOP0, JP50

(1): for (yyy) = COK; (2): for (yyy) = SAL

(3): for (yyyy) = AVG0; (4) for (yyyy) = AST0

**refproc.f:**

This subroutine simulates the refinery processes. It creates the following submatrix:

	E(r)(uns)IN V	K(r)(uns)CA P	L(r)(uns)B LD	T(r)OVCO BJ	R(r)(uns)(m od)	R(r)SGP(i st)
OBJ	-X		-X	-X		
A@1YRBLD	X*****					
A(r)INVST	X					
A@INVST	X					
A(r)FXOC	X		X			
A@FXOC	X		X			
A(r)GAIN					+X	
A@GAIN					+X	
A(r)METRFN					X**	
A(r)NGSH2P					X***	
A@NGSH2P					X***	
A@MTBPRD					X****	
A(r)STM					-X	
A@(fff)FU					X*****	
B(r)(ist)					+X	
S(r)(ist)					+X	
L(r)(uns)CAP	-X	-X	-X		X	
M(r)(prd)*****					-X	
P(r)(pol)				X*	+X	-X*
P(r)CBNTAX*****					-X*****	
U(r)(uuu)					+X	

	E(r)(uns)IN V	K(r)(uns)CA P	L(r)(uns)B LD	T(r)OVCO BJ	R(r)(uns)(m od)	R(r)SGP(i st)
U(r)KWH						-X
B(r)FUL						-X
L(r)SGPCAP						X
S(r)SGP(ist)***** *					X	-X*****

	E(r)SGPINV	K(r)SGPCA P	L(r)SGPBLD	R(r)SGP(mo d)	R(r)(uns)(mo d)	X(d)(ddd)(m)(r) ddd=SBO, WGR, YGR
L(r)SGPCAP	-X	-X	-X	X		
B(r)(ist)				X		
S(r)(ist)				-X		
P(r)OVC				-X		
U(r)KWH				-X		
B(r)(ddd) ddd=SBO, WGR, YGR					-X	X
H(d)(ddd) ddd=SBO, WGR, YGR						-X

	J(r)GRNCCT J(r)GRDCCT	R(r)GDT(mod)	E@GDTINV	E(r)GDTINV	K(r)GDTCAP	L(r)GDTBLD
OBJ	X					
A(r)GRNCCT A(r)GRDCCT	X	-X				
E@GDTMBX			X	-X	-X	-X

\*: (pol)=OVC; \*\*: (uns)=ETH; \*\*\*: (uns)=H2P; \*\*\*\*: (uns)=ETH and (mod) = MTB;  
 \*\*\*\*\*: (uns)=FUM only; \*\*\*\*\*: (prd)=N6I, N6B only; (fff)=LPG, STG, RES, OTH;  
 \*\*\*\*\*: (uns) = ACU only; \*\*\*\*\* for (ist) = CC1,CC2,CC3,IC4,NC4,HYL only

Bounds: K(r)(uns)CAP, E(r)(uns)INV, L(r)(uns)BLD,  
R(r)FUM(mod) where (r)=PADD V only,  
(mod)=NPI,NPN,NPP,SRC,SRH,SRI,SRL,  
R(r)FCC(mod) where mod = 70H,70M,70U,H70,M70,U70  
RHS: rows A@STGFU, A@LPGFU, A@RESFU, A@OTHFU, A@1YRBLD

**setrows.f:**

This subroutine sets the row types (G, L, E, N) for rows P(r)(pol).

**splash.f:**

This subroutine simulates splash blending. It creates the following submatrix:

	X(d)ETH(xxx) X(d)ETC(xxx) X(d)ETA(xxx)	X(d)MET M85	X(d)(www)S PG	Q(r)(mgb)	B(r)RFG(s ss)	B(r)RFG(rr r)
D(d)(xxx)	X	-X****				
D(d)ETH	-X					
D(d)ETC	-X					
D(d)ETA	-X					
D(d)(yyy)	-X					
D(d)M85		X				
D(d)MET		-X				
A(d)G08(xxx)	X*					
A@ETH(xxx)	X					
A(d)CETCCT	-X					
A(d)CLECCT	-X					
A(d)AETCCT	-X					
A(d)METM85 A@METM85		X				
A(d)RFG(xxx)** not linked to col						
A(d)TRG(xxx)	X***					
D(d)(www)			X			
D(d)(ttt)			-X			
Q(r)RFGREN	X**				X	



	X(d)ETH(xxx) X(d)ETC(xxx) X(d)ETA(xxx)	X(d)MET M85	X(d)(www)S PG	Q(r)(mgb)	B(r)RFG(s ss)	B(r)RFG(rr r)
S(r)RFGOXY	X**					X
C@ETHCRD	X					
C@ETHVOL	X					
M(r)MTB(mgb)				-X		

	J(d)DS(j)DS (j)	H(d)BINDM D	H(d)BIMDM D	X(d)BINDS(j )	X(d)BIMDS(j)
D(d)DS(j)	X			X	X
D(d)SS(j)	-X			-X	-X
D(d)BIN				-X	
D(d)BIM					-X
A(d)BIMDMD			X		-X
A(d)BINDMD		X		-X	
C@ETHCRD				X	X
C@ETHVOL				X	X

	D(d)(mg)S1 mg=RFG, TRG, RFH, TRH	X(d)ETH(xxx) X(d)ETC(xxx) X(d)ETA(xxx)	X(d)MAXSPL	RHS
X(d)MAXSPL*		-X	X	
C@ETHBIO				X
C@CLLBIO				X
C@CLLTOT				X
C@BIOTOT				X
D(d)E15LIM	-X	X*****		

(rrr) = ETB, MTB, TAE, TAM, THE, THM; (sss) = ETB, TAE, THE;  
 (ttt) = N6B, N6I; (www) = N67, N68; (xxx) = E85, RFG, RFH, TRH, TRG;  
 (yyy)=SSR when (xxx)=RFG, RFH and (yyy)=SST when (xxx)=TRH and  
 (yyy)=SSE when (xxx)=TRG; (j)=l, u (for DSL, DSU);  
 \*: (xxx) not E85; \*\*: (xxx)=RFG, RFH only;

\*\*\*:(xxx)=TRG, TRH only; \*\*\*\*:(xxx)=TRG only; \*\*\*\*\*: (xxx)=R15,TRH only  
 Bounds: X(d)MAXSPL col

**stream.f:**

This subroutine simulates stream transfers. It creates the following submatrix:

	T(r)(ist)(ist)	T(r)(ist)(prd)	RHS
B(r)(ist)	+-X	-X	
M(r)(prd)		X	
A(r)(prd)		X	
A@PRDRFN		X	
C@ETHBIO			X
C@CLLBIO			X
C@CLLTOT			X

**tabread.f:**

This subroutine prints the data file names, the number of tables and lists the names of the tables that are read.

**transit5.f:**

This subroutine simulates the transportation network for MRM 3-region:

	Y(o)*(crt)(m)(r)	W(d)ETH(m)(r)	W(r)MET(m)(d)	W(s)(prd)(m)(d)	V(xxxxxx)
C(o)(crt)	-X				
C(r)(crt)	X				
OBJ	-X	-X	-X	+-X****	
TPC(o)*(m)(r)	X				-X
TVC(m)CP	X				-X
TVP(m)CP				X	-X
TPP(s)(m)(d)				X***	-X
TPL(s)(m)(d)				X****	-X
B(r)ETH		X			
D(d)ETH		-X			
A(r)ETHRFN		X			
B(r)MET			-X		

	Y(o)*(crt)(m)(r)	W(d)ETH(m)(r)	W(r)MET(m)(d)	W(s)(prd)(m)(d)	V(xxxxxx)
D(d)MET			X		
D(d)(prd)				X	
M(r)(prd)				-X	
M(d)(prd)				X	
(xxxxxx)					-X

transit5.f: (continued)

	Y(o)*(crt)(m)(r)	TANSOTOT	TAAMHXZ	TAGTLTOT	W(d)(nrc)(m)(s)
C(r)GTL					
CANSOTOT	X	-X	X		
OBJ		-X		-X	-X
B(r)(nrc)*****					X
D(d)(nrc)*****					-X

transit5.f: (continued)

	WAGTLJ(r)	W(s)DS(j)(m)(d)	W(s)BIN(m)(d)	W(s)BIM(m)(d)	W(s)CRN(m)(d)
C(r)GTL	X				
M(r)(prd)		-X			
OBJ	-X		-X	-X	
TVPJCP	X				
D(d)SS(j)		X			
D(d)BIN D(s)BIN			+-X		
D(d)BIM D(s)BIM				+-X	
H(d)CRN H(s)CRN					+-X

(j)=l, u (for DSL, DSU)

\* OGSM supply (o) and refinery (r) regions; \*\* for (r)=Census Division

\*\*\* for (prd) different than MET, ETH; \*\*\*\*\* for (prd) = LPG and PCF;

\*\*\*\*\* for (nrc) = BIM, BIN only; (s) = refinery (r) and demand (d) regions;

(xxxxxx) = TVC5CP, TVPJCP, .....

Bounds: V(xxxxxx), W(d)ETH(m)(r)

**unfinished.f:**

This subroutine simulates the unfinished oil process. It creates the following submatrix:

	T(r)U(ist)R(s)	T@UNFTOT
B(r)(ist)	X	
F(r)UNF(ist)	-X	X
OBJ	-X	
A(r)UNF	X	
A@UNFIMP	X	
A(r)UNFIMP	X	
F@TOTCRD		-X

RHS: F@TOTCRD

Bounds: T(r)U(ist)R(s)

**utility.f:**

This subroutine represents the utility. It creates the following submatrix:

	U(r)(uuu)	R(r)KWGPGN	T(r)NGFNCS
U(r)(uuu)	X		-X***
OBJ	-X		
A@KWHRFN	X*	X	
B(r)NGS			X
A(r)NGSRFN			X
A@NGFTOT	X***		
A(r)NGFTOT	X***		
Z(r)NGFSUM	-X***		

\*: for (uuu) = KWH ;\*\*\*: for (uuu) = NGF

**world\_demand.f:**

This subroutine simulates demand in the international regions (w=A,N,R,U):

	D(w)(xxx)(Snn )	P(w)(xxx)DE X	P(w)(xxx)TM P
OBJ	X	-X	-X
D(w)(xxx)	-X	-X	X

(xxx) = DIS, LPG, NAP, OTH, RES

(Snn) = S01..S09

Bounds: D(w)(xxx)(Snn)

**wrldcrude.f:**

This subroutine simulates world supplies of crude, NGL, and LPG:

	P@(fcr)(Qs)	P(r)(fcr)(Qs)	PGLBNGL(s)	PWRLD(Qs)	W(w)NGLLPG
<b>OBJ</b>	x		-X	-X	
<b>D(w)LPG</b>					X
<b>I@(fcr)</b>	x	-X			
<b>I@GENCRD</b>	-X			x	
<b>I@GLBNGL</b>			x		-X

(fcr)=FHH,FHL,FHV,FLL,FMH

(Qs)=Q1...Q5; (s)=1...9; (w)=A,N,R,U

Bounds: P@(fcr)(Qs); PGLBNGL(s); PWRLD(Qs)

	RCFHLDMD	RCFLLDMD	RCFMHDMD
<b>CCFHL</b>	-X		
<b>CCFLL</b>		-X	
<b>CCFMH</b>			-X

Bounds: RCFHLDMD, RCFLLDMD, RCFMHDMD

	RCFHLDMD	RCFLLDMD	RCFMHDMD
<b>CCFHL</b>	-X		
<b>CCFLL</b>			
<b>CCFMH</b>			

Bounds: RC(xxx)DMD

**wrldprod.f:**

This subroutine simulates international supplies and demands of products (prq). Note: (prq) comprises finished products (prd), unfinished oils (unf), and sub-spec products (Ssp).

	I(r)(prq)(w)(s)	I(r)(prq)TOT
<b>OBJ</b>	-X	
<b>A@PRDIMP</b>	x	

<b>A(r)PRDIMP</b>	x	
<b>I(r)(prq)IMP</b>	x	-x
<b>M(r)(prq)</b>		x
<b>M(w)(prq)</b>	-x	
<b>OPAFLTC</b>	x (1)	
<b>OPAFLTD</b>	x (2)	
<b>OPAFLTL</b>	x (3)	
<b>OPAFLTO</b>	x (4)	

(prq) = (prd) + (Ssp) + (unf)

(1) DSL,DSU,JTA,PCF

(2) N2H,N6B,N6I

(3) LPG

(4) OTH

Bounds: I(r)(prq)(w)(s)

RHS: A@PRDIMP, ACPRDIMP, AMPRDIMP

	<b>I(r)MET(w)(s)</b>
<b>OBJ</b>	-x
<b>A@METIMP</b>	x
<b>A(r)METIMP</b>	x
<b>B(r)MET</b>	x

Bounds: I(r)MET(w)(s)

	<b>I(r)SSE(w)(s)</b>	<b>I(r)SSETOT</b>	<b>I(r)SSR(w)(s)</b>	<b>I(r)SSRTOT</b>	<b>I(r)TRG(w)(s)</b> *	<b>I(r)TRGT(s)</b>	<b>I(r)TRGTOT</b>
<b>OBJ</b>	-x		-x		-x		
<b>A(r)MGTOT(s)</b>	-x				-x	x	
<b>A@PRDIMP</b>					x		
<b>A(r)PRDIMP</b>					x		
<b>I(r)(prd)IMP</b>	x	-x	x	-x	x		-x
<b>M(r)(prd)</b>		x		x			x
<b>M(w)(prd)</b>	-x		-x		-x		
<b>OPAFLTC</b>	x		x		x		

\* w = A,N,U only

Bounds: I(r)SSE(w)(s), I(r)SSR(w)(s), I(r)TRG(w)(s)

	I(r)(unf)(w)(s)	I(r)(unf)TOT	T(@UNFTOT
OBJ	-X		
A@UNFIMP		-X	X
A(r)UNFIMP		X	
B(r)(prd)		X	
I(r)(prd)IMP	X	-X	
M(w)DIS	-X **		
OPAFLTC	X *		
OPAFLTD	X		

\* NPP

\*\* ARB,HGM

Bounds: I(r)(unf)(w)(s)

	W(w)(prq)(w')	W(w)NGLLPG
OBJ	-X *	
M(w)(prd)	-X	
D(w')(prd)	X	
D(w)LPG		X
I@GLBNGL		-X

\* (w) = A,N,U only

Bounds: W(w)(prd)(w')

All the Fortran files are located in the directory m:/default/source/ on the EIA NT server.

### Common Blocks

Variables shared by several subroutines are set up in common. There are four files that contain the common blocks used by the program. Some of the files consist of several common blocks.

The following table lists the common block names, gives a brief description and the location of the block.

Common	Description	Location
IPMMREAL	Common for real variables shared by subroutines that generate sub-matrices	/default/includes/ipmmtest
IPMMINT	Common for integer variables shared by	/default/includes/ipmmtest

Common	Description	Location
	subroutines that generate sub-matrices	
IPMMCHAR	Common for character variables shared by subroutines that generate sub-matrices	/default/includes/ipmmtest
LPTAB	Common used for solution retrieval and report writing	/refine/pmm_lp_gen/includes/lpout
OMLREAL	Common for real variables used to set LP memory size	/default/includes/omlspace
OMLINT	Common for integer variables used to set LP memory size	/default/includes/omlspace
DFINC2	Common for OML database functions	/default/includes/dfinc2
WCR	Common for the WHIZ optimizer	/default/includes/wfinc2

A list of the common blocks and the variables that constitute them is given in Appendix G-D.

### G.3 Data

Most of the data that the program uses is provided in files with a .dat extension. There is a one to one correspondence between the Fortran files that form part of the matrix and the .dat data files (eg, accunit.f gets its input from accunit.dat). In each of the .dat files, the data is arranged in an OML format that consists of data tables. Each table consists of a table name, row (or stub) and column (or head) names, and values at the intersection of rows and columns. In addition there are ASCII files. These ASCII files are for control of the program. The following is the description of each input file.

#### Data Sets

##### .dat files accunit.dat (v1.4)

Table Name	Columns	Rows	Description
ACUCUTS	(crt)	(ist); FUL	Crude distillation yield; fuel consumption
ACUPOL	OVC, LOS	(crt)	ACU policy table
ACUUTI	STM, KWH	(crt)	ACU utility consumption
INVLIM	MAX	(r) , @	Maximum investment

##### akaexp.dat (v1.2)

Table name	Columns	Rows	Description
EXPAKA	P, Q	N1, N2, N3, P4, P5, P6	Price and quantity of Alaskan crude exports.
NGLAKA	PER	PGS, CC3, NC4, IC4, and NAT	Yield of NGL
PRQAKA	VOL, TRP, EXPPRC	A	Volume, and transportation and expected cost for Alaskan crude



Table name	Columns	Rows	Description
			exports

**avoids.dat**

(no longer used)

Table	Columns	Rows	Description
SADELPX	FACTORS	N1, N2, N3, P1, P2, P3	Price differentiate
PRDAVOID	DUMMY	(prd)	Product list
SADELQ	N1, N2, N3, P1, P2, P3	(prd)	Demand shift quality fraction

**cogener.dat (v1.11)**

Table	Columns	Rows	Description
CGNCAP	CAP, PUL, BLD	(r)	Refinery cogeneration capacity, %utilization and build
CGNINV	INV, FXOC, CAPREC	(r)	Refinery cogeneration investment, fixed cost and capital recovery
CGNPOL	OVC	CGN	Refinery cogeneration policy
CGNREP	CGN	FUL	Refinery cogeneration yields
CGNUTI	(uuu)*	(r)	Refinery cogeneration utility usage
SELCGN	SOLD	(r)	% cogeneration sold to grid from Refinery
VPELAS	(r)	(year)	Electric utility prices for Refinery cogeneration (87\$/KWh)
CGXCAP	CAP, PUL, BLD	(r)	Merchant plant cogeneration capacity, %utilization and build
CGXINV	INV, FXOC, CAPREC	(r)	Merchant plant cogeneration investment, fixed cost and capital recovery
CGXPOL	OVC	CGN	Merchant plant cogeneration policy
CGXREP	CGX	FUL	Merchant plant cogeneration yields
CGXUTI	(uuu)*	(r)	Merchant plant cogeneration utility usage
SELCGX	SOLD	(r)	% cogeneration sold to grid from Merchant plant
VPELWS	(r)	(year)	Electric utility prices for Merchant cogen (87\$/KWh)

\* except NGF

**crdimprt.dat (v1.4)**

Table	Columns	Rows	Description
CRUDETYP	DUMMY	(crt)*	Foreign crude types
ICR(crt)*(r)	C1, Q1, C2, Q2, C3, Q3, C4, Q4, C5, Q5	(year)	Price and quantity available for crude imports.

\*: for (crt) = FLL, FMH, FHL, FHH, FHV (i.e. foreign crude only)

**demand.dat (v1.4)**

Table	Columns	Rows	Description
CKSMIX	CKL, CKH	OBJ, CKL, CKH, COK	Coke price and conversion factor
PRODLIST	DUMMY	(prd)	List of products
(prd)*	(d)	(year)	Product (prd) demand
DEMMET	CHEM	(year)	MET demand by Chemical Industry

\* RFH mapping and corresponding table renamed to RFHA due to duplicate table name elsewhere.

**distblnd.dat (v1.25)**

Table	Columns	Rows	Description
Q(r)DFO	(dfo)	(spec)	Distillate fuel oil blend specs
DFOUTI	STM	(dfo)	Distillate blend steam use.
DCC	(dfo)*	(ist)	Distillate recipe blend.
DCB	spec categories **	(ist)	Distillate blend intermediate stream quality specification.
BIORFSDS	(dfo)	(ist)	Pyrolysis oil stream mapped to dfo blends and RFS credit (1.7).

\* from Z:MAPDFOPD

\*\* from Z:MAPDFOSP

**distress.dat (v1.4)**

Table	Columns	Rows	Description
ZPX	VALUE	(prd)	Distress code for pricing

**domcrude.dat (v1.5)**

Table	Columns	Rows	Description
DCRSUP	(o)	Y96	Historical crude supplies by OGSM region
DCRSHR	(o)	(crt)*	Domestic crude share by OGSM region
CREXP	CRDEXP, CRDSPR	VOL	Crude exports and SPR

\*: (crt) except FLL, FMH, FHL, FHH, FHV

**emish.dat (v1.4)**

Table	Columns	Rows	Description
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Table	Columns	Rows	Description
EMUNS	(emu)*	Process unit	Emission by process unit
EMFUM	(emu)	Fuel stream burned	Emission by fuel burned
CALCFSMG	LP naming convention for transportation fuel	Competing fuel type: RFH, E85, CNG, LPG, EV	Used to define fuel type included in Calif. LCFS for motor gasoline
CALCFSDS	LP naming convention for transportation fuel	Competing fuel type: DSC, BIM, BIN, SBO, YGR, WGR	Used to define fuel type included in Calif. LCFS for diesel

\* except CO<sub>2</sub>

#### ethanol.dat (v1.35)

Table	Columns	Rows	Description
Z:CDMAP	DUMMY	(d)	Mapping of CD to numeric ID
XDENETH	(d)	(r)	Transfer costs of denaturant; mapping of transfer links between PADD and CD (0 cost= no link), 87\$/bbl
CCT	PU ID for renewable fuels production (CET, CEL, BDV, BDN)	(d)	Carbon Tax credit for renewable resources turned into fuel (corn, cellulose, seed oil, yellow grease) 87\$/bbl
CET	(mod) = WME, DME, DM1, DM2	(ist), (uuu), (prd), OVC	Corn to Ethanol Processing Unit (PU) (basis: 1 bbl/cd eth)
CETCOPRC	PRPERTON	DDG, WMC, EDG (co-products)	Price for corn ethanol co-product (87\$/ton)
CETCAP	CAP, PUL, BLD, WME, DME	(d)	Existing Capacity (1000 bbl/cd denatured ethanol) for total, WME (wet mill), DME (dry mill), and process utilization, build flag
ETHINV	INV, FXOC, CAPREC	CET (corn ethanol PU) CLE (cellulosic ethanol PU) AET (advanced ethanol)	Corn, cellulosic, and advanced ethanol process unit investment cost
SUPCRN	C1, R1, C2, R2, . . . C9, R9	(d)	Corn supply curves for corn ethanol production (1000 bushels/cd; 87\$/bushel)
CLE	(mod) = LIG	(ist), (uuu), (prd), OVC	Cellulose to Ethanol Processing Unit (PU) inputs and yields (basis: 1 bbl/cd eth)
CLECOGEN	PRICE	KWH	Price of Cogeneration Electricity sold to grid, 87\$/KWh
CLECAP	CAP, PUL, BLD	(d)	Existing Capacity (1000 bbl/cd denatured ethanol), process utilization, build flag
AET	(mod) = GRN	(ist), (uuu), (prd), OVC	Advanced grain to Ethanol Processing Unit (PU)

Table	Columns	Rows	Description
			(basis: 1 bbl/cd eth)
AETCOPRC	PRPERTON	BPM (co-product)	Price for barley protein meal co-product (87\$/ton)
AETCAP	CAP, PUL, BLD	(d)	Existing capacity, process utilization, build flag
SUPGRN	C1, R1, C2, R2, . . . C9, R9	(d)	Grain supply curves for ethanol production (1000 bushels/cd; 87\$/bushel)
SUPBIO	C1, R1, C2, R2, C3, R3, C4, R4, C5, R5	(d)	Corn supply curves for corn ethanol production (1000 bushels/cd; 87\$/bushel)
IMPETC	C1, R1, C2, R2, C3, R3, C4, R4, C5,R5	(d), import location	Cellulosic ethanol import supply curves
ETCICST	@	(d), import location	Transit cost of cellulosic ethanol imports (87\$/bbl)
IMPETA	C1, R1, C2, R2, C3, R3, C4, R4, C5, R5	(d), import location	Advanced ethanol import supply curves
ETAICST	@	(d), import location	Transit cost of advanced ethanol imports (87\$/bbl)
CNIETC	C1, N1, C2, N2, C3, N3, C4, N4, C5, N5	(d), import location	Cellulosic ethanol import supply curves from Canada
ETCCICST	@	(d), import location	Transit cost of cellulosic ethanol imports from Canada (87\$/bbl)
CNIETA	C1, N1, C2, N2, C3, N3, C4, N4, C5, N5	(d), import location	Advanced ethanol import supply curves from Canada
ETACICST	@	(d), import location	Transit cost of advanced ethanol imports from Canada (87\$/bbl)
EXPETH	C1, R1, C2, R2, C3, R3, C4, R4, C5,R5	(d)	Corn ethanol export demand curves (1000 bbl/cd, 87\$/bbl)
IMPBIM	C1, R1, C2, R2, C3, R3, C4, R4, C5, R5	(d)	Biodiesel import supply curve for processing at BDV unit (1000 bbl/cd; 87\$/bbl)
BIMICST	@	(d), import location	Transit cost of biodiesel imports (87\$/bbl)
IMPPLM	C1, R1, C2, R2, C3, R3, C4, R4, C5, R5	(d)	Palm oil import supply curve for processing at BDV unit (1000 bbl/cd; 87\$/bbl)
PLMICST	@	(d), import location	Transit cost of palm oil imports (87\$/bbl)
IMPSBO	C1, R1, C2, R2, C3, R3, C4, R4, C5,	(d)	Soybean oil import supply curve (not used)

Table	Columns	Rows	Description
	R5		(1000 bbl/cd; 87\$/bbl)
EXPBID	C1, R1, C2, R2, C3, R3, C4, R4, C5, R5	@ (total US)	Biodiesel export demand curve (1000 bbl/cd; 87\$/bbl)
ETHTAX	TAXETH, TAXE85	(year)	Ethanol taxes; tax subsidy
MINRENEW	USMIN	(year)	Min renewables required in gasoline (U.S. total)
BDV	(mod) = SBO	(ist), (uuu), (prd), OVC	virgin biodiesel Processing Unit (PU) inputs and yields (basis: 1 bbl/cd biodiesel)
BDVCAP	CAP, PUL, BLD, INV, FXOC, CAPREC	(d)	Existing Capacity (1000 bbl/cd biodiesel), process utilization, build flag, and process unit investment cost (87\$/bbl)
SUP(mod)	C1, R1, C2, R2, C3, R3, C4, R4, C5, R5, C6, R6, C7, R7, C8, R8, C9, R9	(d)	Input supply curve for seed oil (SBO) (1000 bbl/cd, 87\$/bbl)
BDW	(mod) = WGR	(ist), (uuu), (prd), OVC	White grease biodiesel Processing Unit (PU) inputs and yields (basis: 1 bbl/cd biodiesel)
BDWCAP	CAP, PUL, BLD, INV, FXOC, CAPREC	(d)	Existing Capacity (1000 bbl/cd biodiesel), process utilization, build flag, and process unit investment cost (87\$/bbl)
SUP(mod)	C1, R1, C2, R2, C3, R3, C4, R4, C5, R5	(d)	Input supply curve for white grease (WGR) (1000 bbl/cd, 87\$/bbl)
BDN	(mod) = YGR	(ist), (uuu), (prd), OVC	Non-virgin biodiesel Processing Unit (PU) inputs and yields (basis: 1 bbl/cd biodiesel)
BDNCAP	CAP, PUL, BLD, INV, FXOC, CAPREC	(d)	Existing Capacity (1000 bbl/cd biodiesel), process utilization, build flag, and process unit investment cost (87\$/bbl)
SUP(mod)	C1, R1, C2, R2, C3, R3, C4, R4, C5, R5	(d)	Input supply curve for yellow grease (YGR) (1000 bbl/cd, 87\$/bbl)
SUPBIM	C1, R1, C2, R2, C3, R3, C4, R4	(d)	Biomass diesel supply curves (virgin oil)
SUPBIN	C1, R1, C2, R2, C3, R3, C4, R4	(d)	Biomass diesel supply curves (non- virgin oil)

\* (d) from Z:CDMAP

**fixcols.dat**

**(no longer used)**

Table	Columns	Rows	Description
FIXCOL	R	Dummy	First letter of column to fix
(r)RCOL	FCC	(mod)	Column to fix to zero

**fuelmix.dat (v1.1)**

Table	Columns	Rows	Description
GROUP	DUMMY	Fuel stream	List of fuel stream

**gasoblnd.dat (v1.22)**

Table	Columns	Rows	Description
Z:MAPGSLP D	ENSY CODE	TRG, RFG	Map Enslys motor gasoline ID to EIA motor gasoline ID
Z:MAPGSLP P	ENSY CODE	EIA codes	Map Enslys spec ID to EIA spec ID
BIORFSMG	(mg)	(ist)	Pyrolysis oil stream mapped to motor gasoline blends and RFS credit (1.54).
Q(r)GSL	TRG, RFG	(spec)	TRG, RFG specs
(r)SSR	Y1, Y2, Y3, Y4, Y5	RFG(spec); YEAR	Gasoline specs for sub-spec SSR ; year of data
(r)SST	Y1, Y2, Y3, Y4, Y5	TRG(spec); YEAR	Gasoline specs for sub-spec SST; year of data
(r)SSE	Y1, Y2, Y3, Y4, Y5	TRG(spec); YEAR	Gasoline specs for sub-spec SSE; year of data
(r)RFH	Y1, Y2, Y3, Y4, Y5	RFG(spec); YEAR	Gasoline spec for RFH; year of data
(r)TRH	Y1, Y2, Y3, Y4, Y5	TRG(spec); YEAR	Gasoline spec for TRH; year of data
Z:GASGROU P	TEXT(1)	(ist)	List of blending streams specially grouped
GCB	Quality codes	(ist)	Gasoline blend intermediate stream quality spec.
GCC	Gasoline type	(ist)	Gasoline recipe blend.
MCO	Motor octane codes*	(ist)	Gasoline component base octane ratings
(xxx)BV	Motor octane codes**	(ist)	Gasoline component blending values
GSLUTI	KWH	(prd), SSE, SST, SSR	Gasoline utility use.
GSPETH	RE	RFGN	Gasoline specs for ETH

(spec) = 2-character quality code followed by X (maximum) or N (minimum).

(xxx) = many exist, however, PMM uses UNC and RFM defined by Z:MAPGSLPD (representing TRG and RFG, respectively).

\* R00, R05, R15, R30, M00, M05, M15, M30, of which only R00 and M00 are used by the PMM.

\*\* same as \*, except column TEL added (but not used by the PMM).

**intlref.dat (v1.14)**

Table	Columns	Rows	Description
ICRUDE	(w)	FLL, FMH	OBJ coefficient
TIMCSPLT	(w)	FHL, FMH, FHH	Crude splits
TFLLSPLT	(w)	FLL	Crude splits
IEXSTFLL	(w)	CAP, UTZ	Capacity and utilization

IESTFMH	(w)	CAP, UTZ	Capacity and utilization
IFLLSPLT	(w)	LPG, N6B, OTH	Product splits
IFMHSPLT	(w)	LPG, N6I, OTH	Product splits
IXTRASPL	(w)	NAP, DIS	Product splits
IXTRANAP	(w)	TRG, SSE, SSR, PCF	Product splits
IXTRADIS	(w)	N2H, DSL, DSU, JTA	Product splits
EXSTMAP	UNIT	IUP, ILG	Defines unit process names
EXSTIUP	(w)	CAP, UTZ	Capacity and utilization
EXSTILG	(w)	CAP, UTZ	Capacity and utilization
IFLLBROW	(w)	ARC	Stream inputs/outputs
IFMHBROW	(w)	ARC	Stream inputs/outputs
OPCSTIUP	(w)	ARBRD1,N6IRD2NAPN2D	Operating cost
OPCSTILG	(w)	LPGL2D	Operating cost

#### limpol.dat (v1.3)

Table	Columns	Rows	Description
UNITPOL	DUMMY	(uns)	List of processes that have a limit on POL
LIM(uns)(r)	(ist)	DUM	Limit on (ist)

#### marfl.dat (v1.9)

Table	Columns	Rows	Description
CRUDE	(r)	FLL	Operating cost and mode (crude type) for US Marginal refinery, cost (87\$/bbl)
EXISTFLL	(r)	CAP, UTZ	Existing capacity and utilization (1000 bbl/cd)
FLLSPLT	(r)	(prd)=LPG, JTA, N6I, OTH, PCF	Non-gasoline and diesel product yields per unit of crude in (bbl/bbl)
XTRASPLT	(r)	GAS, DIS, RES, LRG, SWG	Gasoline, distillate, resid, LPG, and swing product yields per unit of crude in (bbl/bbl)
XTRAGAS	(r)	(prd)=TRG, SSE, SSR	List of component gasoline products, and added cost to produce (87\$/bbl)
XTRADIS	(r)	(prd)=DSL, DSU, N2H	List of component distillate products, and added cost to produce (87\$/bbl)
FLLBROW	(r)	FUL, HYH, ARB, STG, COK	Additional consumption and intermediate yield streams (bbl/bbl crude)
FLLUROW	(r)	KWH, STM	Utility consumption (KWh/bbl crude, lb/bbl crude)

#### refmain.dat (v1.5)

Table	Columns	Rows	Description
EXPROD	DUMMY	(prx)	List of product exports

Table	Columns	Rows	Description
INVFACT	LOC, ENV	(r)	Location and environment factors
TRSOVC	OVC	(r)	Year \$ conversion factor for operating cost
FORCRD	DUMMY	(crt)*	List of foreign crude
YRDOLLAR	2000	1987	Year \$ conversion factor
ZIRACFAC	DELTA	ZIRAC	Range of price differential for IRAC
WOP	WOP	(year)	World oil price (87\$)
RFNREG	PAD	(r)	List of refinery regions vs PADD
RFNEXP	RFID	Linked list of refinery and export regions	List of exporting regions
DEMNDREG	REGION	Linked list of refinery and demand regions	List of demand region
USERYEAR	YEAR	Y96	Year to run model

\* FFL, FMH, FHL, FHH, FHV

#### mchproc.dat (v1.30)

Table	Columns	Rows	Description
MCHINV	INV, FXOC, CAPREC	(uns)	Merchant plant investment, fixed cost and capital recovering
(r)CAPMCH	CAP, PUL, BLD	(uns)	Merchant plant processes capacity, % utilization and build.
(uns)POL*	(pol)	(ist)	Merchant plant processes policy
(uns)CAP*	(uns)CAP	(ist)	Merchant plant process capacity
(uns)REP*	(mod)	(ist)	Merchant plant process yields
(uns)UTI*	(uuu)	(ist)	Merchant plant process utility usage
(uns)CREDIT	PRICE	(ist)	Credit price for salable by-product (1987\$/ton)
TRANSFER	Dummy	GP, MP, RF	Transfer allowed
RFTRANS	MP	(ist)	Refinery transfer to merchant plant
GPTRANS	MP	(ist)	Gas plant transfer to merchant plant
MPTRANS	GP, RF	(ist)	Merchant plant transfer to gas plant and refinery
MPTRANS1	GTLRF, CTLRF, CTLWH	(ist)**	Merchant plant transfer to refinery, or directly to sales (WH)
CO2LIST	FLAG	CO2 sources: CAC, CAB, CAX, CO2	Flag indicating CO <sub>2</sub> curve exists for the source indicated (eg, CAC is CO <sub>2</sub> from CTL; CO <sub>2</sub> is from all sources)
(CO2)CURV	P/Q steps	(r)	Price and quantity for CO <sub>2</sub> disposal (87\$/tonne CO <sub>2</sub> , 1000 tonne CO <sub>2</sub> /cd)
(r)UAP	CST	(uuu)	Utility purchases

\* uns defined by T:MCHINV

\*\* (ist) related to GTL and CTL liquid streams



**ngprod.dat (v1.3)**

Table	Columns	Rows	Description
SPNGF	ALLREG	N1, ..., N4, P5, ..., P8	Price steps for gas supply
SQNGF	MAX, MIN	N1, ..., N4, P5, ..., P8	Quantity steps for gas supply
SCVAL	(r)	VOL	Volume limits on each step

**nrfplant.dat (v1.16)**

Table	Columns	Rows	Description
INVMOH	INV, CAPREC, FXOC	MOH	Non refinery plant process investment, capital recovery, and fixed cost.
MOHPLT	(r)01	CC1, MET, OVC, KWH	Production of methanol
MOHCAP	(r)01	CAP	Methanol capacity
GASPLT	(r)01	(ist), (pol)	Yield from gas plant
GASSHFTX	SC2, PGS	CC1, LPG, OBJ	Shift of ethane and still gas to methane and LPG
GASXFER	RFN, LPG, FLG, OTH, PCF	PGS, CC3, IC4, NC4, NAT	Gas plant liquids transfer to product or refinery
GPLCAP	(r)01	(year)	Dry gas production capacity (Mbbbl/cd)

**prdexp.dat (v1.3)**

Table	Columns	Rows	Description
(x)PRDEXP	MINY1, MAXY1, MINY2, MAXY2, ... MINY5, MAXY5	(prx), YEAR	Limit on volume to export; year of data
EXPLIM	YRPC, FIX	1995	Limit on volume and yearly increase
MULTEXPR	MULT	PRICE	Price for exports as function of imports

(x) = export regions (CDs 2,3,7,8,9).

**prdimprt.dat (v1.5)**

Table	Columns	Rows	Description
PRODTYP	DUMMY	(pri)	List of product import
IMPLIM	MAX	@	Maximum imports into USA
IPR(pri)(r)	C1, R1, ..., C9, R9	(year)	Product import supply curve
NEMSRSD	R1B, R1PR	R1, ..., R9	Residual fuel import supply curve

**recipes.dat (v1.5)**

Table	Columns	Rows	Description
RCPEIA	A, CST, JTA, N2H, SLP, CKH, CKL	KERSPG, SULSAL, CKHCOK, CKLCOK	Cost of sulfur and coke; kerosene split; unit conversions.

Table	Columns	Rows	Description
RCP	A, CST, component stream, STM	Recipe blended products	Recipe blends (fractions)

**refproc.dat (v1.60)**

Table	Columns	Rows	Description
(r)CAP	CAP, PUL, BLD	(uns)	CAP, PUL and BLD values
(uns)	(mod)	(ist), (uuu), CAP, (pol)	Refinery process yields, utility usage, capacity factor, policy
MATBAL	A, B	(ist)	Streams requiring material balance
INV	INV, FXOC, CAPREC	(uns)	Refinery processes investment, fixed cost and capital recovery
SCL	selected processing units	selected streams/utilities	selected factors applied to selected coefficient in T: (uns)

**setrows.dat (v1.2)**

Table	Columns	Rows	Description
(r)POL	TYPE	(pol)	Row type

**splash.dat (v1.14)**

Table	Columns	Rows	Description
HOXETH	TRH, RFH, RFG, TRG, R15	Gasoline stream	Ethanol recipe for splash blending
BLBIOD(d)	DSL, DSU, DSC	BIN, BIM	Blend composition recipe for biodiesel
BLNSP(d)	KER, N67, N68	JTA, N2H, KER, N6i, N6B, N67, N68	Blend composition recipe
BLOX(d)YXX	E85, M85, TRH, RFH, RFG, TRG, R15	Gasoline stream	Recipe blend composition
XETH	PO	XETH	Oxygen content of ethanol
SCB	PO	Oxygenate stream	Oxygen content of oxygenates

**stream.dat (v1.15)**

Table	Columns	Rows	Description
XSALE	DUMMY	(ist)(prd)	Linked list of stream transfer to products
TRS	MIN, MAX, CST	(ist)(ist)	Linked list of stream to stream transfers
XGASLIQ	PCF, FLG	C2E, CC2, PGS	Energy conversion from gas (bfoe) to liq

transit.dat (v1.35)

Table	Columns	Rows	Description
MVCCAP	MAX	TVC(m)CP, TVP(m)CP	Marine vessel capacity for crude & product
BVPCAP	MAX	TVP(m)CP	Marine barge capacity for product
PLCCAP	MAX	TPC(o)(m)(r) TPP(r)**(m)(d) TPL(r)**(m)(d)	Pipeline capacity for (C) crude (P) product (L) LPG
TPCRLIST	DUMMY	(o)	Domestic crude supply regions for transportation
TPCR(o)	(crt); GTL	(m)(r); TAPS	Crude oil transportation cost from domestic supply region (o) to refinery region (r)
PLCRLIST	DUMMY	(o)	List of domestic crude oil supply regions for pipeline
PLCR(o)	(crt)	(m)(r)	Crude pipeline transportation cost from (o) to (r)
PLCR(r)	(crt)	(m)(r)	Crude pipeline transportation cost from (r') to (r)
BVPR(r)	(prd)	(m)(d)	Product barge/truck transportation cost from (r) to (d)
TPPR(r)	(prd)	(m)(d)	Product marine transportation cost from (r) to (d)
TPME(r)	MET	(m)(d)	Methanol transportation cost from (r) to (d)
TPCNLIST	DUMMY	(d)	List of Census Divisions for corn transportation source
TPCN(d)	CRN	(m)(d')	Corn transportation cost from (d) to (d')
TPETLIST	DUMMY	(d)	List of Census Divisions for ethanol transportation source
TPET(d)	ETH, ETA, ETC	(m)(r)**	Ethanol transportation cost from (d) to (r)
TPETECAP	(d)	(d)	Lists transport links (mode E) from (d) to (d) and pipeline capacity limits
PLPRLIST	DUMMY	(d)	List Census Divisions for product pipeline from 5,6 to East Coast
PLPR(r)**	(prd), SSE, SST, SSR	(m)(d)	Product pipeline transportation cost from (r)** to (d)
PLLGLIST	DUMMY	(r) and (d)	List refinery region (r) and Census Divisions (d) for LPG, PCF transport
PLLG(r)**	LPG, PCF, FLG	(m)(d)	LPG transportation cost from (r) to (d)
PLNKLIST	DUMMY	(r)**	List of product pipeline originations.
PLNK(r)**	(prd), SSE, SST, SSR	(m)(r)**	Product pipeline transport connections and costs from (r)** to (r)**
TPBDLIST	DUMMY	(d)	List of Census Divisions for biomass diesel transportation source
TPBD(d)	BIN, BIM	(m)(d')	Biomass diesel transportation cost from (d')

\*\* refinery (r) and/or demand (d) regions

**unfinish.dat (v1.8)**

Table	Columns	Rows	Description
UNFOIL	E, G, W, PD	streams: NPP, HGM, ARB	Types (3) of unfinished oil imports into the U.S.
UNFEQT	SLOPE, CONST	XYZ	eq. parameters that correlate unfinished oil imports to crude input

**utility.dat (v1.2)**

Table	Columns	Rows	Description
UTITRS	COEF	NGFNCS	BFOE natural gas.
(r)UAP	CST	(uuu)	Utility costs.
VALPNG	(r)	(year)	Industrial price of natural gas.
VPELIN	(r)	(year)	Industrial elec utility prices (87\$/KWh)

**wrdr crude.dat (v1.4)**

Table	Columns	Rows	Description
IGENCRD	Q1-Q9, P1-P9	1-41	Global crude supply
CRDFRAC	FLL,FMH,FHL,FHH,FHV	1-41	Crude fractions
TYPEMAR	Q1-Q5	FLL,FMH,FHL,FHH,FHV	Set quantity for import curves
IGLBNGL	Q1-Q9, P1-P9	LPG	NGL supply curve

**wrld\_dem.dat (v1.3)**

Table	Columns	Rows	Description
WD_STEP	Prc_Pcnt	S01-S09	Demand curve steps
WD_ELAS	NAP,DIS,RES,OTH,LPG	(w)	Elasticity
WD_PRC	NAP,DIS,RES,OTH,LPG	(w)	2006\$
WD_QTY	NAP,DIS,RES,OTH,LPG	(w)	2006 data
CHG_PRC	NAP,DIS,RES,OTH,LPG	(w)	1987\$
CHG_QTY	NAP,DIS,RES,OTH,LPG	(w)	2008 projections

**wrldprod.dat (v1.15)**

Table	Columns	Rows	Description
IMPLIM	MAX	@, C, M	Max product imports
METCAP	-9	(r)	MET import curve: quantity
METCST	-9	(r)	MET import curve: cost
IPRDCAP(r)	(w)	(prd), (Ssp), (unf)	International product capacities, PADD (r)
IPRDCST(r)	(w)	(prd), (Ssp), (unf)	International product costs, PADD I
OPAFLTEX	(w)	DSU,SSE,SSR,TRG	Transport exceptions

OPATFLT	CLEAN,DIRTY, LPG, OTHER	(prd), (Ssp), (unf)	Transport mode exceptions
WLDPTRN	FLAG	(w)	Transport links
WLDPTRN(w)	(w)	NAPX,DISX,RESX,LPGX, OTHX	Transport costs
WLDPCAP(w)	(w)	NAPX,DISX,RESX,LPGX, OTHX	Transport capacity

## Other input files

### 1. mrmparam file

The mrmparam file is a control file read by mrm.f to map input and output file names and instructions. In the mrmparam, the user chooses the model that he wants to run; the names for the problem, solution, path file, basis, mps file, and packed matrix; the model title; and the location and name of the starting basis and optimal basis. The following table lists the information that is to be supplied in the mrmparam file.

Variable name	Variable length	Variable purpose	Restrictions
MODELN	8	Model to be run	MRM5
ACTPROB	8	Act problem	
SOLNAME	8	Solution name	
PATHNF	7	Name of file where data files paths are stored.	
TITLE	48	Problem title	
INBASISN*	48	Location and name of advanced basis	
OUTBASIS	10	Name of optimal basis	
BASISN	10	Basis name	Must be name in INBASISN file
MPSOUTN**	10	MPS file name	Prefer mpsnrm.txt
PAKCN**	10	Packed matrix file name	.PCK extension
TRACE	3	Toggle Trace Utility	

\*: If no name or a file does not exist, the program will operate without an advanced basis.

\*\* : If "NULL" or "null" is provided, the program will skip the part of the program that generates the file.

The above variables have to be provided in the order they are listed in the above Table and should start at column 18. Appendix G-A provides an example of an mrmparam file. The mrmparam file has to be in the subdirectory where the model is executed.

### 2. mrmrpath file:

In this file the user provides the program with the location and name of the data files. The order in which the names appear is important. See Appendix G-B for an example of a path file. The path

file has to be in the directory from which the model is executed. This file format is that of an OML table.

### 3. Advanced basis file:

In this file the user provides an advanced basis to the model. If the user does not provide one or provides one whose name does not coincide with the basis name provided in the mrmparam, the program will not use it.

## G.4 Submission of a Run

In order to run the model, one has to first compile and link the different Fortran source files to form an executable. Once the executable is created, the user submits a run that uses the mrmparam and mrmrpath files. The execution of the program will solve the problem and create:

- An ACTFILE file
- An MPS file
- A SYSPRINT file (solution)
- An out basis file
- A packed matrix file
- Reports (only for MRM5)

The following are the files created by a run:

	<b>MRM</b>
<b>ACTFILE</b>	ACTFILE.act
<b>MPS file</b>	Name provided by user in the mrmparam file
<b>Solution file</b>	SYSPRINT
<b>Out basis</b>	Name provided by user in the mrmparam file
<b>Packed matrix</b>	Name provided by user in the mrmparam file
<b>Report</b>	reports5, fort.75

All the files used for the MRM matrix generation reside within the NEMS default directories on EIA's NEMS NT servers, as defined next. The source files that encompass the program are on m:/default/source/. The user must create and link the object files to form the mrm executable (mrm.exe) to be located in the user's directory. The Microsoft Visual Studio 2008 (a debugging package for the PC) is used by the user to compile, link, execute, debug, and manage files. Instructions on how to use this package, in connection with the mrm, are defined below.

The mrmparam file and the mrmrpath file used for the MRM model are located in the m:/default/scripts/ directory. To run the model, the mrmparam and mrmrpath files must be copied to the user's Debug directory. The path files point to the default data files (\*.dat) that are stored in m:/default/input/ directory, as defined in the mrmrpath file.

### Runs

Connect to the NEM3 via a terminal server client, and open a korn shell. You are now operating within a UNIX environment. All runs will be made using the Microsoft Visual Studio.

#### 1. Set up and run the default (no changes):

- a. Create a scenario directory in your user directory, and then create the following directories within the scenario directory: Source, Data, Debug
- b. In the Debug directory, nemsco the default mrmparam and mrmrpath files.
- c. In the scenario directory, nemsco pmmmatgen.vfproj (a Visual Studio project file). If you have already created a personal file called pmmmatgen.vfproj.(userid).user, then you need to copy it into this directory. Otherwise, it will be created for you but you will need to define additional paths within the Visual Studio.
- d. Double-click the Visual Studio icon on your NEM3 terminal server desktop.
  - i. from the FILE, OPEN, PROJECT/SOLUTION menu, select the pmmmatgen.vfproj file. (This creates another file in the scenario directory: pmmmatgen.sln.)
  - ii. from the PROJECT, pmmmatgenPROPERTIES menu, click on the "General" tab. For both the "Output Directory" and "Intermediate Directory", define the full path to your "debug" directory. Then, click on the "Debuggion" tab. For both the "Command Arguments" and the Wrking Directory", add the full path to your "debug" directory, but include an output files name for the "Command Arguments" (eg, m:\xxx\yyy\pmm\_tst\mrm\debug\myhup.txt). NOTE: there may be other paths that will need to be set up, so check the software instructions.
  - iii. Click OK.
- e. To compile and link all default mrm code and DLLs, go to the BUILD menu, and select "Build pmmmatgen." A message will appear in the lower window that the executable has been created. (Note: Lately, a single warning appears, which can be ignored.)
- f. To execute the default, go the DEBUG menu, and select "Start Without DEbugging." A pop-up window will show the progress of the mrm run. When finished, the pop-up window will instruct the user to press any key to continue.
- g. The resulting mps file will be called mpsnrm.txt (as defined in the mrmparam) and will be located in the Debug directory.

## **2. Make changes to an mrm data file and rerun mrm:**

- a. In the Data directory, nemsco the data file the user wants to change.
- b. Edit, change, and resave.
- c. In the Debug directory, edit the mrmparam file.
  - i. modify the path of the updated data file to point to the new location in the Data directory, and resave
  - ii. delete (remove) the following files that were created from a previous mrm run: mpsnrm.txt, \*.pck, ACTFILE.act, and SYSPRINT
- d. Double-click the Visual Studio icon on your NEM3 terminal server desktop.
  - i. from the FILE, OPEN, PROJECT/SOLUTION menu, select the pmmdatgen.vfproj file from the scenario directory (created in step 1d above)
- e. To execute [assuming source code has already been compiled], go the DEBUG menu, and select "Start Without Debugging." A pop-up window will show the progress of the mrm run. When finished, the pop-up window will instruct the user to press any key to continue.
- f. The resulting mps file will be called mpsnrm.txt (as defined in the mrmparam) and will be located in the Debug directory.

**REMEMBER:** After a new data file is defaulted, the corresponding data file name in the mrmparam file must be updated to map the proper default version. Then, the mrmparam file must be defaulted.

## **3. Make changes to an mrm source code and rerun mrm:**

- a. In the Source directory, nemsco the source code one wants to change. Give it a different name. (eg, rename refproc.f to refprocSCEN.f).
- b. Edit, change, and resave.
- c. In the Debug directory, delete (remove) the following files that were created from a previous mrm run: mpsnrm.txt, \*.pck, ACTFILE.act and SYSPRINT.
- d. Double-click the Visual Studio icon on the NEM3 terminal server desktop.
  - i. from the FILE, OPEN, PROJECT/SOLUTION menu, select the pmmdatgen.vfproj file from the scenario directory (created in step 1d above)
- e. [Need to do only once.] In the workspace window, double-click on the pmmdatgen files listing, and then on the Source Files listing.
  - i. find the source code filename, right-click on the filename, and select Properties from this sub-menu: a pop-up window entitled "PropertyPages" appears



- ii. within the pop-up window, under “Configuration Properties,” click the “General” option, and change the “Exclude File from Build” to Yes and click OK
- iii. then right click on the “Source Files” and click on “Add” and “Existing Item” to point to the source directory and source code you modified.
- iv. close the pop-up window by clicking on the 'Add' in this window
- f. To recompile updated code and link to other code, go to the BUILD menu, and select "Build pmmmatgen." A message will appear in the lower window that the executable has been created.
- g. To execute, go the Debug menu, and select "Start Without Debugging." A pop-up window will show the progress of the mrm run. When finished, the pop-up window will instruct the user to press any key to continue.
- h. The resulting mps file will be called mpsnrm.txt (as defined in the mrmparam) and will be located in the Debug directory.

## **G.5 MRM Data Conversion**

With only a few exceptions, the data currently used in the MRM have either been provided by Ensys, or updated by an EIA contractor using the Jacobs/PACE refinery database. Data provided for corn and cellulosic ethanol production (ethanol.dat) were developed by EIA from various sources, including USDA's “1998 Ethanol Cost-of-Production Survey,” the “RFA Industry Outlook” (Feb. 2003), and a chemical industry consultant. EIA also developed the data provided to describe the virgin and non-virgin biodiesel production units, biomass to liquids production, and the NGL yields from the natural gas plant. The following describes the updates made for using the Jacobs/PACE data, and the process used to convert the old Ensys data into the \*.dat files used by the MRM.

Beginning with *AEO2009*, a new renewable diesel hydrotreater unit was added to the refproc.dat file to represent the production of green diesel and naphtha at the refinery. This new unit processes seed oil or grease into mostly green diesel, with some naphtha co-product. Some data in gasoblnd.dat and stream.dat were updated to correspond with the PU changes. In the mchproc.dat file, the biomass-to-liquids PU was updated using Jacobs/PACE data. New input and yield ratios were established, with a new stream added to represent CO<sub>2</sub> ready for capture for sale or sequestration.

Most of the current Ensys data used in the MRM were last updated using the Jun2003 data (referred to as ENSYS03Jun). (No updates using Ensys data were made since *AEO2004*.) Due to the differences in data format (OMNI vs. OML) and naming conventions, the ENSYS03Jun data

had to undergo conversion, and new mapping data tables had to be added to the MRM files prior to being used by the MRM.

The updated OMNI data files provided by ENSYS and used to update the mrm data tables are located in the directory `m:/ogs/pmm_prj/ensys/ensys03_Jun/data/` , and include:

R-GCB.DAT

R-MPROC.DAT

R-NPROC1.DAT

R-NPROC2.DAT

R-PROC1.DAT

R-PROC2.DAT

Table INUNIT Revised 0703.xls

The following provides a summary of the effort it took to convert the ENSYS03Jun OMNI data tables (\*.DAT) into OML RTB tables (to be read by the matrix generation code). A shareware c-compiler called LCC-win32 was used. The omni2rtb.c program is located in the directory `m:/ogs/pmm_prj/ensys/ensys03_Jun/source/`. The c-compiler may be installed on a local PC by executing the installation program `M:\ogs\pmm_prj\C-Compiler\LCC-Win32.exe`.

#### **To compile on the PC:**

1. Put the omni2rtb.c file in the directory you want to run from:  
`c:\Documents and Settings\EM4\mydocs\c-test\`
2. From the START menu, click on Programs, lcc-win32, lcc-win32.exe
3. From within the LCC program window, OPEN the omni2rtb.c file located in the c-test directory.
4. If no changes are needed, click on the COMPILER menu and select REBUILD ALL. This will create an omni2rtb.exe file in a new lcc directory within the c-test directory.

#### **To execute on the PC:**

Go to the newly created lcc directory, put the Ensys \*.DAT files into this directory, and open a DOS window (Command Prompt). In this window, move to the `...c-test/lcc/` directory and type  
`omni2rtb <input file path/name> <output file path/name>`  
i.e., `omni2rtb R-GCB.DAT gcb.out`

## **G.6 Refinery Processes**

<b>Refinery Process</b>	<b>Abbreviation</b>
-------------------------	---------------------

<b>Refinery Process</b>	<b>Abbreviation</b>
Atmospheric crude distillation	ACU
Advanced Ethanol Unit	AET
Atmospheric Residuum Desulfurization	ARD
Aromatic recovery	ARP
Biodiesel from virgin, non-virgin grease and seed oil	BDV, BDN
Biomass Pyrolysis Unit	BPU
Biomass-to-Liquids	BTL
C2E to C4E dimerization (capacity=0)	C24*
Butane isomerization	C4I
Butane splitter	C4S**
Alkylation feed butene isomerizer (capacity=0)	C4T*
Butane isomerization	C4X***
Coal-Biomass-to-Liquids	CBL
CO <sub>2</sub> compression for transport or sequestration	CCC, CCB, CCX
Catalytic Distillation Technology	CDT
Corn Ethanol Unit	CET
Cogeneration unit	CGN**
Cogeneration unit, merchant	CGX**
Combined Heat/Power burning syngas from Petroleum Coke	CHP**
Cogeneration unit with biomass feed	CGB****
Cellulosic Ethanol Unit	CLE
Polymerization	CPL
Coal to Liquids process	CTX, CTZ
Cyclar	CYC
Distillate desulfurizer	DDS
Gas oil dewaxer (capacity=0)	DEW
Dimersol	DIM
Etherol	ETH, ETM
Cryogenic C2 fractionation	ETS*
Etherol unit	ETX***
Fluid cat cracker	FCC
FCC feed hydrofiner	FDS
Mid-distillate furfural treating (capacity=0)	FEX
FCC gasoline fractionation units	FGS
Fuel plant	FUM**
Fuel plant	FUX***
Renewable (green) diesel hydrotreater	GDT
Petroleum Coke gasification (produces syngas)	GSF
Petroleum Coke gasification (produces hydrogen)	GSH

Refinery Process	Abbreviation
Hydrogeneration normal pentenes/hexenes (capacity=0)	H56*
H2-stream reformer	H2P
H2-partial oxidizer	H2X
Low Conversion Hydrocracking	HCL****
Hydrocracker (partial)	HCM (old MAK)
Naphtha hydrocracker	HCN
Gas oil hydrocracker	HCR
Hydrocracker (GasOil)- advanced technology	HCU
Residuum hydrocracker	HCV
Hydrodesulfurizer 1	HD1****
Hydrodesulfurizer 2	HD2, HS2****
High density jet fuel hydrotreating	HDN
Hydrofluoric Acid Alkylation	HFA
Hydrogen/fuel gas reformer hydrogen	HLO**
Hydrogen Purification	HPM
Iso-octane unit converted from MTBE	IOT
Iso-octane unit converted from MTBE, merchant	IOX
High density jet fuel prefractionation (capacity=0)	JFP
Recut for JTA	JPS**
Delayed-coker	KRD
Fluid/flexi-coker	KRF
Power generation	KWG**
Lub and wax	LUB
Olefin Saturation Process (MOH fr Ensys)	MDH****
Catalytic Fluidized Bed	MOD****
Naphtha hydrotreater	NDS
OCTGAIN Catalytic Hydroprocessor	OCT
C2-C5 dehydrogenation	OLE*
C2-C5 dehydrogenation	OLX***
Produced Fuel Adjustment (capacity=0)	PFA**
Pentane/hexane isomerization	PHI
UOP PENEX Plus	PHP
Phillips S zorb	PHS
Prism Pressure Swing Absorption- H2 Purification	PSA
Hydrodesulfurization (S-Zorb) for diesel	PSZ
Residuum desulfurizer	RDS
Refinery Loss	REL**
LP continuous reformer	RFC
HP semi-regenerative reformer	RFH

Refinery Process	Abbreviation
(capacity=0)	
LP cyclic reformer	RFL
Resid Fuel Transfer	RST **
Solvent deasphalting	SDA
Sulfuric Acid Alkylation	SFA
Saturated Gas Plant	SGP
Shell Middle Distillate	SMD
Syntroleum GTL Process	SOD
Caustic SOx Scrubber (capacity=0)	SOX****
Naphtha splitter (capacity=0)	SPL
Steam generation, lbs/hr	STG**
Sulfur, short tons/day	SUL
Sulphco Selective Oxydation	SUP
Mid-distillate deep hydrotreater	SYD
Thermal cracker C2-C4 feed (capacity=0)	TCG*
Thermal cracker naphta feed (capacity=0)	TCN*
Thermal cracker gas oil feed	TCV*
Total recycle isomerization	TRI*
Visbreaker/thermal cracker	VBR
Vacuum distillation	VCU

\* : Processes involved in reformulated gasoline manufacturing

\*\* : Utilities and pseudo-units

\*\*\* : Processes represented in OXY-Refineries

\*\*\*\* : Not made available for *AEO2012*



# APPENDIX H. Historical Data Processing

## H.1 Processing Data for PMM History File

The PMM uses historical data from a variety of sources. The Microsoft Access database “Build Elcgpur.mdb” collects and aggregates this data to prepare the PMM input file Elcgpur.txt. The three principal databases it collects from (see Figure H.1 ) are the Oil and Gas Information Reporting System (OGIRS) which contains most historical wholesale price and volume information, the Non-Utility Generators (NUGs) database which contains refinery co-generation information, and the Short-Term Integrated Forecasting System (STIFS) database which contains data from the end of the historical period until the PMM forecast is available.

Additional individual data elements are added as tables to the Elcgpur.mdb database, as described below.

### Figure H.1 Database Linkages

**Error! Objects cannot be created from editing field codes.**

#### Accessing Data

The file “rfhistgen.mdb” currently resides in the set of defaults within the NEMS revision control system. The following explains how to connect to the component databases that are used in processing the historical input file.

- **OGIRS:** The OGIRS database is called via a short Visual Basic Application (VBA) script called “modOgirsFunction.” This script searches the table “tblParkList” for the OGIRS keys and frequency of the data required to form a request to the main OGIRS server. Executing this function creates the local table “dbo\_Ogidata” (Ogidata) with all data for the requested keys and frequency. For example, to pull annual data for kerosene-based jet fuel production for all the U.S. PAD Districts, enter the OGIRS Sourcekeys for the data series in the Sourcekey column and an “A” (for annual) in the “FrqncName” column as shown in Table H.1 . While it is unnecessary to complete the “SERIES” field, having a local reference to the Sourcekey definition is advisable. A partial list of Sourcekeys available can be found in the database “OGIRS keys.mdb” in the History folder.

**Table H.1 Park List Sample**

SOURCEKEY	SERIES	FrqncName
MKJRPP12	PADD I Jet Fuel Kero Refinery Production (Mbb/d)	A
MKJRPP22	PADD II Jet Fuel Kero Refinery Production (Mbb/d)	A
MKJRPP32	PADD III Jet Fuel Kero Refinery Production (Mbb/d)	A
MKJRPP42	PADD IV Jet Fuel Kero Refinery Production (Mbb/d)	A
MKJRPP52	PADD V Jet Fuel Kero Refinery Production (Mbb/d)	A
MKJRPUS2	US Jet Fuel Kero Refinery Production (Mbb/d)	A

Most of data used by PMM are pulled from OGIRS as annual numbers. The only time monthly data are used is for the computation of Refinery Operable Capacity or for year-to-date 2010 data for refinery input/output variables that aren't provided by the Short-Term Energy Outlook (STEO). For Refinery Operable Capacity, the January data are used to record the previous year's capacity.

The OGIRS database is mostly complete; however, there are a few missing fields in the database. To prevent errors from occurring when the queries are executed, the short list of missing values can be appended to Ogidata by running the query "Add Missing Keys to data." This query pulls known missing data<sup>H-1</sup> from the table "Missing Keys." An even rarer occurrence is when data are incorrect in OGIRS. Should this be discovered, the correct values can be placed in the table "Data Errors" which will update Ogidata when the query "Update data" is executed. All new missing or incorrect data should be reported to the OGIRS database administrator (currently Jaime Chan 202-586-1515). It is also worthwhile to check that keys are, in fact, still missing. The query "Check still missing" will display any duplicate keys in Ogidata.

Assuming correct entries in the tables "Missing Keys" and "Data Errors," the entire download process can be accomplished automatically by running the "Update From OGIRS and add missing Keys" Macro.

STIFS: The Current Month's Stifs database is now created using a series of Excel spreadsheets.

The original data set is located on the EIA LAN at: \\fs-f1\L6489\PRJ\EVIEWS\MonthYYYY\15bbb.xls, with MonthYYYY representing the Month and year of the corresponding STEO release. Assistance in obtaining access to this file can be arranged with Tancred Lidderdale (202-586-7321). This file is then saved in the same directory as the Table\_PA\_creator.xls (saved on the EIA LAN at M:/ogs/sh7/STEO) file, and after opening both spreadsheets, automatically organizes the data into the proper format for input into the rfhistgen.mdb MSAccess database. After completing these steps, open "rfhistgen.mdb" and from the "Tools" menu select "Data base Utilities" and then Linked table manager. Check the tables "Dates," "Table\_PA," "Table PA2" and the box "prompt for new location." Click OK and Browse to the location of Table\_PA\_creator.xls. This enables the database to extract the latest STEO database.

NUGs: A connection to the Coal Nuclear and Electric and Alternate Fuels Oracle "feeder" database housing the final non-utility generation information has been established. These tables are "linked" (in the manner described above) to the file "Nugs.mdb" which manipulates this data to extract refinery specific data. Each of the following tables then becomes a linked table to "rfhistgen.mdb."

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<sup>H-1</sup> The last version of OGIRS is missing some of the elements of refinery production: nfrpp1-p5(naphtha feedstocks), otrpp1-p5 (other oils for feedstock), msrpp1-us(miscellaneous products for non-fuel use), and pfrp-us(total petrochemical feedstocks).



Gen Grid

Gen Own

Grid Gen Cap

Own Gen Cap

Data Grid Fuel Use

Data Own Fuel Use

Tbl Grid Gen Percent

Other Data: Additional sources are used for creation of the PMM history data file.

Manually update fuel consumption data in Table 47 of the Petroleum Supply Annual to table “PSA Table 47.”

Global Database Variables: STEOYEAR, HISOYEAR, and STEOYEARS must be reset each year the History file generator is used. Running the Macro “STEO-HISTO” will prompt the user to enter the last Historical information year and the remaining keys will be updated automatically.

Index for GDP Price deflators for the forecast period is stored in table “GDP87.” These are generally updated each year by the Macro team and can be found in Table 101 of the Ftab report.

Historical Petroleum Product Prices are from the [State Energy Data 2008: Prices](#) (SEDP) and stored in the “Product price data” Table. For *AEO2012*, aggregated CD level data from the previous year was used through 2008. For years 2009 through 2010 these prices were scaled by the change in the equivalent national numbers reported in the October 2010 Short-Term Energy Outlook.

### **Data Processing Queries**

After all the data from the different sources have been input (or linked) to the database, several queries (see examples in Figure H.2) are executed to manipulate the data into PMM variables. The numbers correspond with the position of the variable being generated in the Elcgpur.txt file. This code should not need to be changed absent a change in the definition of PMM variable it represents. Should this occur, the individual variable query can be examined and edited.

## Figure H.2 Sample Database Queries

<ul style="list-style-type: none"> <li>Create query in Design view</li> <li>Create query by using wizard</li> <li>1- Collect crude export data</li> <li>1- Crude exports -RFQEXCRD</li> <li>1- Grab last year of exports</li> <li>1- Last year as STEOYEARS</li> <li>2- Collect crude import data</li> <li>2- Crude imports- RFQICRD</li> <li>2a- complete</li> <li>2a- Acquire STEO Year Import data</li> <li>2a- Calc Import Splits in Histo year</li> <li>2a- Pivot STEO Data</li> <li>2a- STEO Year Imports Complete</li> <li>2a- STEO Years</li> <li>2a- STEO Years2</li> <li>2a- Test STEOYEARS</li> <li>3- Add histoical year splits</li> <li>3- Collect NGL data</li> <li>3- NGL data- RFPQNGL</li> <li>3a- Acquire STEO Year NGL data</li> <li>3a- Calc NGL splits in Histo year</li> <li>3a- Pivot Histo year split</li> <li>3a- STEO Year NGL complete</li> <li>4- Collect BASE DISTILLATION CAPACITY MBCD</li> <li>4- Last year as STEOYEARS</li> <li>4- Refine Cap- RFB DSTCAP</li> <li>4- Refine Cap- RFB DSTCAP 1</li> <li>4- Refine Cap- RFB DSTCAP last year</li> <li>5- Refine Expansion- RFDSCUM</li> <li>5- Refine Expansion- STEO year</li> <li>6- Collect Utilization data</li> <li>6- Refinery Utilization- RFDSTUTL</li> <li>6-b STEO US Utilization</li> <li>6a- BASE DISTILLATION CAPACITY in histo year MBCD</li> <li>6a- Calc Refine Utilization in Histo Year</li> <li>6a- Collect STEO year Total inputs to refineries</li> </ul>	<ul style="list-style-type: none"> <li>6b - Calc Refinery Utilization for STEO Years</li> <li>6b - Refinery Utilization for STEO Years</li> <li>7-8- Collect Product Import/Export data</li> <li>7-8- Product Import/Export</li> <li>7-8- Product Import/Export Last Year</li> <li>8a- Acquire STEO Year Product imports</li> <li>8a- Calc Product Import splits in Histo year</li> <li>8a- Pivot Histo year split</li> <li>8a- STEO Year Gross Product Imports</li> <li>8a- STEO Year Net Product Imports</li> <li>9-20- Collect Refinery Production data</li> <li>9-20- Refinery Production</li> <li>9-20a- Pivot Histo year split</li> <li>9-20a- Pivot Ref Prod in STEO Years</li> <li>9-20a- Ref Prod - Ave Growth</li> <li>9-20a- Ref Prod splits in Histo year</li> <li>9-20a- Ref Prod trends</li> <li>9-20a- Refinery Production - Last Years</li> <li>9-20a- Refinery Production - STEO trend 1</li> <li>9a- Collect STEO Asphalt</li> <li>9a- Ref Prod - Clac AST based on last 10 Year growth</li> <li>9a- STEO Year Refined Products AST</li> <li>a1_10a- Ref Prod - COK Last Year</li> <li>a1_10a- STEO Year Refined Products COK</li> <li>a1_11a- Calc Jet Fuel Prod in STEO Years</li> <li>a1_11a- Collect SETO Jet Fuel</li> <li>a1_12a- Ref Prod - KER Last Year</li> <li>a1_12a- SETO Year Refined Products KER</li> <li>a1_13a- Calc LPG Prod in STEO years</li> <li>a1_13a- Collect SETO LPG Production</li> <li>a1_14a- Calc SETO N2H Production</li> <li>a1_14a- Collect SETO N2H Production</li> <li>a1_15-16a- Calc Resid Sulfur split</li> <li>a1_15-16a- Calc Resid Sulfur split2</li> <li>a1_15-16a- Calc SETO Residual Fuel Production</li> <li>a1_15-16a- Collect SETO Resid Production</li> </ul>	<ul style="list-style-type: none"> <li>a1_15-16a- Create Series for High and Low Sulfur</li> <li>a1_17a- Ref Prod - OTH Last Year</li> <li>a1_17a- STEO Refined Products OTH</li> <li>a1_18a- Ref Prod - PCF Last Year</li> <li>a1_18a- STEO Refined Products PCF</li> <li>a1_19a- Ref Prod - STG Last Year</li> <li>a1_19a- STEO Refined Products STG</li> <li>a1_20a- Calc TRG Prod in STEO Years</li> <li>a1_20a- Collect STEO TRG Production</li> <li>a1_21-23- Collect Other Crude Inputs</li> <li>a1_21-23- Other Crude Inputs</li> <li>a1_21-23- Other Crude Inputs (Pmm Var on left)</li> <li>a1_21a- Acquire Unaccounted crude - STEO Years</li> <li>a1_21a- STEO Year UC data</li> <li>a1_22 Calc Delta COSXPUSA</li> <li>a1_22a- Acquire SPR Withdraw - STEO Years</li> <li>a1_22a- Acquire STEO Year crude stocks</li> <li>a1_22a- Crude Stock Withdrawal - STEO years</li> <li>a1_23 Crude product supply- ALL</li> <li>a1_24 Refinery Processing Gain</li> <li>a1_24a- Acquire RPG- SETO years</li> <li>a1_24a- RPG SETO</li> <li>a1_25-28 Blending Components</li> <li>a1_25a- Gas Blend Comps Imp - STEO</li> <li>a1_25a- Pull Blend Comp Imp- SETO years</li> <li>a1_26a- Blendstock Production- SETO years</li> <li>a1_26a- Pull Blendstock Production- SETO</li> <li>a1_27a- NGL Production- SETO years</li> <li>a1_27a- Pull NGL from refinery- STEO Years</li> <li>a1_28a- Other Oxygenates- SETO Years</li> <li>a1_28a- Pull Other Oxygenates- SETO</li> <li>a1_29 Calc Delta PASXPUSA</li> <li>a1_29- Product stock withdraws</li> <li>a1_29- Product stock withdraws 1</li> <li>a1_29- Pull Crude Stock Change</li> <li>a1_29a- Acquire STEO Year all Pet stocks</li> </ul>	<ul style="list-style-type: none"> <li>a1_29a- Product Stock Withdrawal - STEO years</li> <li>a1_30- Ethanol for ETBE All</li> <li>a1_31- Ethanol for E85 production All</li> <li>a1_32a- Acquire STEO Year FUEL ETH data</li> <li>a1_32a- Fuel ethanol: demand All</li> <li>a1_33- Methanol for MTBE production All</li> <li>a1_34- Imported MTBE</li> <li>a1_34a- Imported MTBE STEO</li> <li>a1_35- US Unfinished Oils Imports</li> <li>a1_35a- Acquire STEO Year UO Import data</li> <li>a1_35a- SETO Years UO Imports</li> <li>a1_36- SPR fill rate</li> <li>a1_36a- Acquire STEO Year SPR Fill Rate</li> <li>a1_36a- Acquire STEO Year SPR Wdrl data</li> <li>a1_36a- SPR Withdrawal Rate STEO</li> <li>a1_37-49 Collect Product Supplied data</li> <li>a1_37-49 Product Supplied</li> <li>a1_37-49- Product Supplied - STEO trend 1</li> <li>a1_37-49a- Collect SETO Product Demands (Supplied)</li> <li>a1_37-49a- Product Supplied - Ave Growth</li> <li>a1_37-49a- Product Supplied in SETO Years</li> <li>a1_37a STEO Year Product Supplied-AST</li> <li>a1_38a- Calc COK Supplied in STEO Years</li> <li>a1_39a- Calc Jet Fuel Supplied in SETO Years</li> <li>a1_40a- Calc Kerosene Supplied in SETO Years</li> <li>a1_41a- Calc LPG Supplied in SETO Years</li> <li>a1_42a- Calc Distillate Supplied in SETO Years</li> <li>a1_43 High Resid Supplied Splits</li> <li>a1_43-44 Resid Split</li> <li>a1_43-44 Resid Supplied Splits</li> <li>a1_43-44- Calc Resid Sulfur split by PADD</li> <li>a1_43-44a Resid Split in Histo year</li> <li>a1_43a- Calc High Sulfur Residual Supplied in SETO Years</li> <li>a1_44 Low Resid Supplied Splits</li> <li>a1_44a- Calc Low Sulfur Residual Supplied in SETO Years</li> <li>a1_45a- Calc Other Pet Prods Supplied in SETO Years</li> </ul>
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PMM variables are linked to variables in input databases (primarily OGIRS and STIFS) by table “Map PMM to OGIRS.” A complete list of mappings for both historical and STEO years is available in Table H1. Multiple entries for a PMM variable indicate that more than one OGIRS or STEO variable is needed to calculate the value for these variables. The multiple entries are summed to obtain the PMM variable. For example the OGIRS keys for RFPDRDOTH are the sum of the keys in that row (Aviation Fuel, Lubes, Naphtha, and Waxes). In the case where a (-) appears before a variable, the key is multiplied by -1 before summation. A “Δ” before a key refers to the difference between the current and previous years value for that key.

**Table H.2 Components of PMM Variables**

PMM Variable Definition	Historical Years	Description	STEO Years	
RFQEXCRD	CRUDE EXPORTS IN MBD	OGIRS- MCREXPx2 (Where x is PADD#)	PADD x Averages/Totals Crude Oil Exports (Mbb/d)	Assume last historical year
RFQICRD	CRUDE IMPORTS IN MMBD	OGIRS- MCRIMPx2 (Where x is PADD#)	PADD x Averages/Totals Crude Oil Imports (Mbb/d)	CONXPUS use last historical year % to parse to PADDs
RFPQNGL	NGL PRODUCTION IN MMBD	OGIRS- MLPSNPx1 (Where x is PADD#)	PADD x Averages/Totals Natural Gas Liquids and LRGs Totals Field Production (Mbb/d)	NLPRPUS use last historical year % to parse to PADDs
RFBSTCAP	BASE DISTILLATION CAPACITY MBCD	OGIRS- MOCLEPx1 (Where x is PADD#)	PADD x Averages/Totals Refinery Operable Capacity (Mbb/d) - January Value	Not available use most recent historical year -proxy: CODIPUS
RFDSTUTL	DIST UTILIZATION RATE IN MBD	OGIRS- MOPUEPx2 (Where x is PADD#)	PADD x Averages/Totals Other Petroleum Products % Utilization Ref	CODIPUS/Last historical years Capacity
RFQEXPRDT	PRODUCT EXPORTS IN MMBD	OGIRS- MTTEPx2 (Where x is PADD#)	PADD x Averages/Totals Total Crude Oil and Petroleum Products Exports (Mbb/d)	Last years exports of Petroleum Products
		(-)OGIRS-MCREXPx2 (Where x is PADD#)	PADD x Averages/Totals Crude Oil Exports (Mbb/d)	
RFPQIPRDT	PRODUCT IMPORTS IN MMBD	OGIRS- MTPIMPx2 (Where x is PADD#)	PADD x Finished Petroleum Products Imports (Mbb/d)	PANIPUS
		OGIRS- MNGIMPx2 (Where x is PADD#)	PADD x Averages/Totals Natural Gas Liquids and LRGs Totals Imports (Mbb/d)	Last years exports of Petroleum Products
RFDPRDAST (AST)	Asphalt Refinery Production (Mbb/d)	OGIRS- MAPRPPx2 (Where x is PADD#)	PADD x Asphalt Refinery Production (Mbb/d)	Use 10 year average growth
RFDPRDCOK (COK)	Pet Coke Refinery Production (Mbb/d)	OGIRS- MCKRPPx2 (Where x is PADD#)	PADD x Petroleum Coke Refinery Production (Mbb/d)	Use 10 year average growth
RFDPRDJTA (JTA)	Jet Fuel Kero Refinery Production (Mbb/d)	OGIRS- MKJRPPx2 (Where x is PADD#)	PADD x Jet Fuel Kero Refinery Production (Mbb/d)	JFROPUS* Last Histo Year PADD Splits
RFDPRDKER (KER)	Kerosene Refinery Production (Mbb/d)	OGIRS- MKERPx2 (Where x is PADD#)	PADD x Kerosene Refinery Production (Mbb/d)	Use 10 year average growth
RFDPRDLPG (LPG)	Refinery production; LPG	OGIRS- MLPRPPx2 (Where x is PADD#)	PADD x Liquefied Petroleum Gases Refinery Production (Mbb/d)	LGROPUS* Last Histo Year PADD Splits
RFDPRDN2H (N2H)	Refinery prd; no. 2 distillate	OGIRS- MDIRPPx2 (Where x is PADD#)	PADD x Total Distillate Refinery Production (Mbb/d)	DFROPUS* Last Histo Year PADD Splits
RFDPRDN6B (N6B)	Refinery prd; high sulfur oil	OGIRS- MRGNPPx2 (Where x is PADD#)	PADD x Averages/Totals Residual Fuel Oil Sulfur > 1.0 Net Production (Mbb)	RFROPUS*Histo year Sulfur Split and PADD
RFDPRDN6I (N6I)	Refinery prd; low sulfur resid oil	OGIRS- MRLNPPx2 (Where x is PADD#)	PADD x Averages/Totals Residual Fuel Oil Sulfur 0-0.3 Net Production (Mbb/d)	RFROPUS*Histo year Sulfur Split and PADD
		OGIRS- MRMNPPx2 (Where x is PADD#)	PADD x Averages/Totals Residual Fuel Oil Sulfur .31-100 Net Production (Mbb/d)	
RFDPRDOTH (OTH)	Refinery prd; other petroleum	OGIRS- MGARPPx2 (Where x is PADD#)	PADD x Averages/Totals Aviation Gasoline Refinery Production (Mbb/d)	Use 10 year average growth
		OGIRS- MLURPPx2 (Where x is PADD#)	PADD x Averages/Totals Lubes Refinery Production (Mbb/d)	
		OGIRS- MNSRPPx2 (Where x is PADD#)	PADD x Averages/Totals Naphtha Special Refinery Production (Mbb/d)	
		OGIRS- MWXRPPx2 (Where x is PADD#)	PADD x Averages/Totals Waxes Refinery Production (Mbb/d)	
RFDPRDPCF (PCF)	Refinery prd; petrochemical feeds	OGIRS- MPFRPPx2 (Where x is PADD#)	PADD x Averages/Totals Petroleum Products Refinery Production (Mbb/d)	Use 10 year average growth
RFDPRDSTG (STG)	Refinery prd; still gas	OGIRS- MSGRPPx2 (Where x is PADD#)	PADD x Still Gas Refinery Production (Mbb/d)	Use 10 year average growth
RFDPRDTRG (TRG)	Refinery prd; motor gasoline	OGIRS- MGRFPPx2 (Where x is PADD#)	PADD x Finished Gasoline Refinery Production (Mbb/d)	MGROPUS* Last Histo Year PADD Splits
CRDUNACC	Unaccounted crude	OGIRS- MCRAUPx2 (Where x is PADD#)	PADD x Averages/Totals Crude Oil Unaccounted for (Mbb/d)	CONXPUS
CRDSTWDR	Crude stock withdrawals	OGIRS- MCRSCPx2 (Where x is PADD#)	PADD x Averages/Totals Crude Oil Stock Change (Mbb/d)	CONQBUS □COSXPUS/365
TOTCRDIN	Crude Oil: refinery inputs	OGIRS- MCRRIUS2	US Crude Oil Input into Refineries (Mbb/d)	0
RFQPRCG	PROCESSING GAIN IN MMBD	OGIRS- MPGNPUS1/365	US Processing Gain Net Production (Mbb)	PAGLPUS
BLDIMP	Blending component imports	OGIRS- MBCIMUS2	US Blending Components Gasoline Imports (Mbb/d)	MBNIPUS
BLDPRD	Product blending component	OGIRS- MBCFPUS2	US Blending Components Gasoline Field Production (Mbb/d)	MBFPUS
BLDREF_BIN	Net Product blending component used at refinery/blenders	MBCRIUS2	US Blending Components Gasoline Input into Refineries (Mbb/d)	
		MBARIUS2	US Blending Components Av-Gas Input into Refineries (Mbb/d)	
NGLRF(2)	NGL input to refinery and blenders	OGIRS- MNGRIUS2	U.S. Refinery and Blender Net Inputs of Natural Gas Liquids and Liquefied Refinery Gases (Thousand Barrels)	
BLDREFINC	Conv Product blending component used at refinery	OGIRS - mo5ro_nus_1	U.S. Conventional Gasoline Blending Components Refinery Net Input (M Barrels)	
BLDREFINR	Reformulated Product blending component used at refinery	OGIRS - mo1ro_nus_1	U.S. Reformulated Gasoline Blending Components Refinery Net Input (Thousand Barrels)	
BLDRFGPRD		OGIRS - mgrz_nus_2	U.S. Reformulated Gasoline Blenders Net Production (MMbb/d/day)	
BLDTRGPRD		OGIRS - mg4rz_nus_2	U.S. Conventional Gasoline Blenders Net Production (MMbb/d/day)	
BLDREFIN	Product blending component used at refinery	NA		
RFGPRD	Refinery Net Production of RFG	OGIRS - mgrx_nus_2	U.S. Refinery net Production Reformulated Gasoline (Mbb/d)	
TRGPRD	Refinery Net Production of TRG	OGIRS - mg4rx_nus_2	U.S. Refinery net Production Conventional Gasoline (Mbb/d)	
NGLIMP		OGIRS - MNGIMUS2	NGL Imports	
NGLRF(1)	NGL input to refinery	OGIRS - mngro_nus_1	US Natural Gas Liquids and LRGs Totals Input into Refineries (Mbb/d)	LGRIPIUS PPRIPIUS
NGLEXP	NGL Exports	OGIRS - MNGEXUS2	NGL Exports	

**Table H.2 Components of PMM Variables**

PMM Variable Definition	Historical Years	Description	STE0 Years
OTHLIQIN	Other liquids used at the refinery	STE0: MBRIPUS, OXRIPUS, UORIPUS	
OTHOXY	Other oxygenates	OGIRS- mohro_nus_1	US Other Hydrocarbons/Oxygenates Field Production (Mbb/d)
OTHOXYFP	Other oxygenates (Field production)	OGIRS - mohua_nus_2	
OTHOXYIMP	Imported oxygenates	OGIRS - MOHIMUS2	
RFHCXH2IN	Merchant Hydrogen	OGIRS - MOYRIUS2	
RFOHOXYIN	Oxygenates Other Inputs into Refineries	OGIRS - MOORIOUS2	
RFOXYIN	Oxygenates Net Input into Refineries	OGIRS - moxro_nus_1	
OTHPRDSP	Other Liquids Product Supplied	OGIRS - MOLUPUS2	
REFOTHLIQIN	Other Liquids into Refinery	OGIRS -MOLRIUS2	US Other Liquids Input into Refineries (Mbb/d)
PRDSTKWDR	Product stocks withdrawals	OGIRS- MTTSCUS2	United States Total Crude Oil and Petroleum Products Stock Change (Mbb/d)
		(-)OGIRS-MCRSCPx2 (Where x is PADD#)	PADD x Averages/Totals Crude Oil Stock Change (Mbb/d)
RFETHETB	Zeros		
RFETHE85	Ethanol for E85 production	Hart	Oxy Fuel News Data
RFETHMGS	Ethanol for motor gasoline	OGIRS- OFETPUS2	US Oxygenates Fuel Ethanol Production (Mbb/d)
RFMETETH	Methanol for ether	Historical Quantities not tracked	Zeros
RFMTBI	Imported MTBE	OGIRS- MMTIMUS2	US Oxygenates MTBE Imports (Mbb/d)
RFETHIN	Total Ethanol into Refinery	OGIRS - mfero_nus_1	
RFMTBEIN	MTBE Input into Refinery	OGIRS - mmro_nus_1	
RFPQUFC	Total imports of unfinished crude	OGIRS- MUOIMUS2	US Unfinished Oils Imports (Mbb/d)
TOTUFOIN	Total Unfinished Oils into Refinery	OGIRS - MUORO_NUS_1	
RFFPO	Other Liquids Field Production	OGIRS - MOLUA_NUS_1	
RFNETOLIMP	Other Liquids Net imports	OGIRS - MOLNTUS2	
RFSPFR	SPR fill rate	OGIRS- -MCSSCUS1/365	US Crude Oil Stock Change SPR (Mbb)
RFQDINPOT	Other fuels input		
PALMG	US Wholesale Motor Gasoline Price	OGIRS - A103700002	
PDS11	US No. 2 Distillate Wholesale Price	OGIRS - d200700002	
PDSL11	US Diesel Fuel Wholesale Price	OGIRS - D230700002	
BIODIMP	US Biodiesel Imports	MER Table 10.4	Historic Biodiesel Impots in Static BIODIMP Table
BIODEXP	US Biodiesel Exports	MER Table 10.4	Historic Biodiesel Exports in Static BIODEXP Table
TDIESEL	Transportation Diesel Product Supplied	OGIRS - md1up_xxx_2 & md0up_xxx_2	STE0 Years are calculated as prior years TDIESEL % of total distillate
AST	Asphalt Product Supplied (Mbb/d)	OGIRS- MAPUPPx2 (Where x is PADD#)	PADD x Averages/Totals Asphalt Product Supplied (Mbb/d)
COK	Petroleum Coke Product Supplied (Mbb/d)	OGIRS- MCKUPPx2 (Where x is PADD#)	PADD x Averages/Totals Petroleum Coke Product Supplied (Mbb/d)
JTA	Jet Fuel Kero Product Supplied (Mbb/d)	OGIRS- MKJUPPx2 (Where x is PADD#)	PADD x Averages/Totals Jet Fuel Kero Product Supplied (Mbb/d)
KER	Kerosene Product Supplied (Mbb/d)	OGIRS- MKEUPPx2 (Where x is PADD#)	PADD x Averages/Totals Kerosene Product Supplied (Mbb/d)
LPG	Product Supplied; LPG	OGIRS- MLPUPPx2 (Where x is PADD#)	PADD x Averages/Totals Liquefied Petroleum Gases Product Supplied (Mbb/d)
N2H	Product Supplied; no. 2 distillate	OGIRS- MDIUPPx2 (Where x is PADD#)	PADD x Averages/Totals Total Distillate Product Supplied (Mbb/d)
N6B	Product Supplied; high sulfur oil	Computed- MRSUPHx2 (Where x is PAD#)	PADD x Averages/Totals Residual Fuel Oil Sulfur > 1.0 Product Supplied (Mbb/d)
N6I	Product Supplied; low sulfur residual oil	Computed- MRSUPLx2 (Where x is PADD#)	PADD x Averages/Totals Residual Fuel Oil Sulfur < 1.0 Product Supplied (Mbb/d)
OTH	Product Supplied; other petroleum	OGIRS- MGAUPPx2 (Where x is PADD#)	PADD x Averages/Totals Aviation Gasoline Product Supplied (Mbb/d)
		OGIRS- MLUUPPx2 (Where x is PADD#)	PADD x Averages/Totals Lubes Product Supplied (Mbb/d)
		OGIRS- MNSUPPx2 (Where x is PADD#)	PADD x Averages/Totals Naphtha Special Product Supplied (Mbb/d)
		OGIRS- MWXUPPx2 (Where x is PADD#)	PADD x Averages/Totals Waxes Product Supplied (Mbb/d)
PCF	Product Supplied; petrochemical feeds	OGIRS- MPFUPPx2 (Where x is PADD#)	PADD x Averages/Totals Petroleum Products Product Supplied (Mbb/d)
STG	Product Supplied; still gas	OGIRS- MSGUPPx2 (Where x is PADD#)	PADD x Averages/Totals Still Gas Product Supplied (Mbb/d)
RFQPRDT	Total product supplied	OGIRS- MTTUPPx2 (Where x is PADD#)	PADD x Averages/Totals Total Crude Oil and Pet Products Supplied (Mbb/d)
		(-)OGIRS-MCRUPPx2 (Where x is PADD#)	PADD x Averages/Totals Crude Oil Product Supplied (Mbb/d)
TRG	Product Supplied; motor gasoline	OGIRS- MGFUPPx2 (Where x is PADD#)	PADD x Averages/Totals Finished Gasoline Product Supplied (Mbb/d)
QELETH	Historical Electricity use at Ethanol plants -	Multiply EOFFPUS ethanol production by Tony Radich's formulas for energy consumption	
QNGETH	Historical Nat Gas use at Ethanol plants		
QCLETH	Historical Coal use at Ethanol plants		
PETHM	Historical Ethanol price		
RFIPQCLL	STE0 WTI Price		

**Table H.2 Components of PMM Variables**

PMM Variable Definition	Historical Years	Description	STE0 Years
ETHEXP	Historical Ethanol Exports		
QCLRf	Refinery Fuel –Coal	Paste in from table 47 of PSA	Use In MMBTU
QDSRF	Refinery Fuel -Distillate Fuel Oil	Paste in from table 47 of PSA	Use In MMBTU
QELRF	Refinery Fuel -Purchased Elec.	Paste in from table 47 of PSA	Use In MMBTU
QLGRF	Refinery Fuel –LPG	Paste in from table 47 of PSA	Use In MMBTU
QNGRF	Refinery Fuel -Nat Gas	Paste in from table 47 of PSA	Use In MMBTU
QOTRF	Refinery Fuel –Other	Paste in from table 47 of PSA	Use In MMBTU
QPCRf	Refinery Fuel -Pet Coke	Paste in from table 47 of PSA	Use In MMBTU
QRSRF	Refinery Fuel -Residual Fuel	Paste in from table 47 of PSA	Use In MMBTU
QSGRF	Refinery Fuel -Still Gas	Paste in from table 47 of PSA	Use In MMBTU
PASIN	Asphalt, Road Oil, Industrial		PRODUCT PRICES IN 87\$ PER MMBTU
PDSCM	Distillate, Commercial		PRODUCT PRICES IN 87\$ PER MMBTU
PDEL	Distillate, Electricity (+petroleum coke)		PRODUCT PRICES IN 87\$ PER MMBTU
PDSIN	Distillate, Industrial		PRODUCT PRICES IN 87\$ PER MMBTU
PDSRS	Distillate, Residential		PRODUCT PRICES IN 87\$ PER MMBTU
PDSTR	Distillate, Transportation		PRODUCT PRICES IN 87\$ PER MMBTU
PJFTR	Jet Fuel, Transportation		PRODUCT PRICES IN 87\$ PER MMBTU
PKSCM	Kerosene, Commercial		PRODUCT PRICES IN 87\$ PER MMBTU
PKSIN	Kerosene, Industrial		PRODUCT PRICES IN 87\$ PER MMBTU
PKSRS	Kerosene, Residential		PRODUCT PRICES IN 87\$ PER MMBTU
PLGCM	Liquid Petroleum Gases, Commercial		PRODUCT PRICES IN 87\$ PER MMBTU
PLGIN	Liquid Petroleum Gases, Industrial		PRODUCT PRICES IN 87\$ PER MMBTU
PLGRS	Liquid Petroleum Gases, Residential		PRODUCT PRICES IN 87\$ PER MMBTU
PLGTR	Liquid Petroleum Gases, Transportation		PRODUCT PRICES IN 87\$ PER MMBTU
PMGCM	Motor Gasoline, Commercial		PRODUCT PRICES IN 87\$ PER MMBTU
PMGIN	Motor Gasoline, Industrial		PRODUCT PRICES IN 87\$ PER MMBTU
PMGTR	Motor Gasoline, Transportation		PRODUCT PRICES IN 87\$ PER MMBTU
PPFIN	Petrochemical Feedstocks, Industrial		PRODUCT PRICES IN 87\$ PER MMBTU
PRHEL	Residual Fuel, High Sulfur, Electricity		PRODUCT PRICES IN 87\$ PER MMBTU
PRHTR	Residual Fuel, High Sulfur, Transp.		PRODUCT PRICES IN 87\$ PER MMBTU
PRLCM	Residual Fuel, Low Sulfur, Commercial		PRODUCT PRICES IN 87\$ PER MMBTU
PRLEL	Residual Fuel, Low Sulfur, Electricity		PRODUCT PRICES IN 87\$ PER MMBTU
PRLIN	Residual Fuel, Low Sulfur, Industrial		PRODUCT PRICES IN 87\$ PER MMBTU
PETTR	E85 Price	EERE: Alternative Fuel Report	PRODUCT PRICES IN 87\$ PER MMBTU
OG GEN GRID90	COGENERATION IN MMBTU		
PT GEN GRID90	COGENERATION IN MMBTU		
NG GEN GRID90	COGENERATION IN MMBTU		
OT GEN GRID90	COGENERATION IN MMBTU		
OG GEN OWN 90	COGENERATION IN MMBTU		
PT GEN OWN 90	COGENERATION IN MMBTU		
NG GEN OWN 90	COGENERATION IN MMBTU		
OT GEN OWN 90	COGENERATION IN MMBTU		
OG CAP GRID90	Capacity MW		
PT CAP GRID90	Capacity MW		
NG CAP GRID90	Capacity MW		
OT CAP GRID90	Capacity MW		
OG CAP OWN 90	Capacity MW		
PT CAP OWN 90	Capacity MW		
NG CAP OWN 90	Capacity MW		
OT CAP OWN 90	Capacity MW		
OG FUL GRID90	Cogen Fuel consumption		
PT FUL GRID90	Cogen Fuel consumption		
NG FUL GRID90	Cogen Fuel consumption		

Assume last Historical Year ratio of fuel to production Average refiner price of residual fuel oil

SEDS

NUGs Database (CNEAF)

Aggregates plant data to CD regions

Use Last Historical Year for STE0 Years 1 & 2

**Table H.2 Components of PMM Variables**

PMM Variable Definition		Historical Years	Description	STEO Years	
OT FUL	GRID90	Cogen Fuel consumption			
OG FUL	OWN 90	Cogen Fuel consumption			
PT FUL	OWN 90	Cogen Fuel consumption			
NG FUL	OWN 90	Cogen Fuel consumption			
OT FUL	OWN 90	Cogen Fuel consumption			
DCRDWHP	WELLHEAD CRUDE OIL PRICES	From Ted McCallister's Calculations.	IN \$/BBL	Assume Region's price changes as <input type="checkbox"/> of WOP	
RFQDCRD	CONVENTIONAL CRUDE PRODUCTION		IN MBD	Assume Region's Production changes as <input type="checkbox"/> of COPRPUS	
RFQTDCRD	TOTAL CRUDE PRODUCTION		IN MMBD	Assume Region's Production changes as <input type="checkbox"/> of COPRPUS	

## **Creating PMM Flat-file**

To create the final elcgpur.txt, file query results are called by the access report writer. For each variable or collection of variables, a report formats the results of the data queries into the exact Fortran fixed format position necessary to be read into the PMM. The most often employed method for this is to have a report with the historical data include a sub-report which appends the STEO year data to it. These individual reports are all then included in the master report “zz-Generate Elcgpur” in the appropriate sequence. This file is then exported from the database as a text file.

Because MSAccess formats reports to a specific printer (page size), additional lines appear where there are breaks in pages. To remove them a Short VBA script was written (eat space) that removes all of the blank lines from the file. All of the report generation and subsequent post-processing can be done automatically by first running the macro “Update Everything – Including STEO years – Final” and then “Make Elcgpur.” The resulting file will be placed in the local c:\ directory of the desktop computer running the macro. Formatting inconsistencies occur when using newer versions of MSAccess. To avoid the inconsistencies, run the report in Access 2000.

## **H.2 Processing Other Historical Data**

In addition to developing an input history file (described in Appendix H-1), the PMM utilizes other historical data to develop some inputs and to support analysis of the model results. This section describes the updating of these data, which is usually done on an annual basis.

### **Petroleum Product Price Data**

Data on petroleum product prices are obtained from the EIA-782 surveys. The EIA-782A survey contains only refiner data, and the EIA-782B survey includes petroleum marketers. Prices and volumes are produced monthly for the Petroleum Marketing Monthly and updated for annual publication in the Petroleum Marketing Annual, available in the summer of each year. This information is also available as a series of OGIRS keys from which the state-level data (by product) can be retrieved. By matching equivalent product volume and price information for each state, a weighted average for each Census District can be determined.

### **Historical Prices and Margins**

Historical wholesale and end-use prices from the EIA-782 are aggregated and presented in tabular form by product type and Census Division. The end-use transportation prices include State and Federal taxes but for jet fuel and LPG the State taxes are not included prior to 1995. Differentials with the world oil price (the refiner acquisition cost of imported oil from the EIA-14) are also calculated by product type and Census Division and presented in tabular form for analyzing similar margin calculations from the PMM. The margins include the 1 percent local tax

that is currently being added to gasoline price projections.



# APPENDIX I. Ethanol Supply Model

## I.1 Model Purpose

The ethanol supply module is a component of the Petroleum Market Module (PMM) within NEMS. Its objective is to represent the production of ethanol from corn, cellulosic biomass, and advanced sources (e.g., non-corn grains), linked in the PMM to the refinery products market, thus allowing the PMM to forecast transportation ethanol demand throughout the NEMS forecast period. The ethanol production units are part of the PMM linear program (LP), characterized by capital and operating costs, input and output requirements, feedstock supply curves, capacity limits, and market penetration rates. These combine to produce an ethanol supply price (plus transport costs) at which quantities of transportation ethanol are expected to be available for production into E85 or blended with gasoline (E10, E15) within the LP.

The majority of ethanol currently produced in the United States is made from corn and is produced in the East North Central and the West North Central Census Divisions (NEMS regions 3 and 4, respectively). Smaller amounts are available in the South Atlantic, East South Central, West South Central, Mountain, and the Pacific Census Divisions (NEMS regions 5, 6, 7, 8, and 9, respectively). Ethanol from biomass is available in all Census Divisions beginning in 2009. Biomass (cellulosic material) used to produce ethanol includes regionally-available agriculture residues, forestry waste, and energy crops such as switchgrass and hybrid poplar. Ethanol from grains can be produced in all Census Divisions. Sorghum and barley are examples of advanced feedstock used to produce ethanol. The delivered prices of feedstock (corn, cellulosic biomass, and grains) are provided to the ethanol supply model in the form of separate supply curves for each of the nine U.S. Census Divisions. The development of these curves is described later in this appendix.

## I.2 Fundamental Assumptions

### Corn-Based Ethanol

The cost of corn ethanol is subdivided into capital cost, feedstock cost, operating cost, energy cost, and a credit for marketable co-products of ethanol production. Energy costs include the cost of energy needed to grow and transport corn to market and the cost of energy needed to run the ethanol plant. The sum of these costs contributes to the total value of ethanol, as determined by the LP solution. Conversion of corn to ethanol is accomplished by either a wet milling or dry milling process. The co-products produced from the wet milling process are corn gluten feed (CGF), corn gluten meal (CGM), and corn oil, while the dry milling process produces distillers' dried grains with solubles (DDGS). Initial co-product credits for wet mills and dry mills are

estimated from ethanol industry financial data, with some updates made as a function of corn costs in forecast years.

The price of corn at the farm is projected from *The U.S. Farm Economic Effects of a 6 Billion Gallon Renewable Fuel Standard, an 8 Billion Gallon Renewable Fuel Standard, and Elimination of the Federal Ethanol Tax Credit*, Department of Agriculture, July 2005. This paper estimates the effect on agricultural markets of expanding ethanol production by 6 or 8 billion gallons over baseline levels by 2012. For each case, the authors constructed two agricultural market forecasts, one with a baseline level of ethanol production from corn and another with higher levels of ethanol production from corn. The forecasts include corn prices and quantity of corn input to ethanol production for each forecast year. The results of the 8-billion-gallon case are used in PMM. The difference between corn prices and the difference between quantities of corn used for ethanol production gives the rate of change of corn prices with respect to quantity of corn input to ethanol production. The most current baseline corn prices and corn ethanol production were obtained from *USDA Agricultural Baseline Projections to 2015* (<http://www.ers.usda.gov/Publications/OCE061/>). The baseline forecast and the estimated rate of change are used to construct a model of the farm price of corn as a function of the quantity of corn demanded for ethanol production.

Wet milling accounted for about 21 percent of all ethanol production in 2005 ([http://www.ethanolrfa.org/objects/pdf/outlook/outlook\\_2006.pdf](http://www.ethanolrfa.org/objects/pdf/outlook/outlook_2006.pdf)). The remainder of the existing facilities and all new corn ethanol facilities are projected to be dry milling plants. The variability of the market price for the feedstock corn and the conversion by-products and the variable influences of competitive uses for corn (e.g., for producing corn syrup) give rise to broad fluctuations in net corn feedstock prices. As ethanol production from corn increases, land becomes scarcer, causing both land and feedstock costs to increase. These factors are included in the Agriculture model.

In addition to feedstock prices and quantities, the model requires capital cost, feedstock conversion cost (non-energy operating cost), and energy cost data. The cost data were derived from several sources which are documented in the Inventory of Variables, Data, and Parameters section of this report. Note that with this theoretical approach, only the agricultural, or feedstock production, costs are modeled as a function of the total quantity of ethanol produced. The conversion plant process costs, (capital, operating, and process energy) are independent of production quantities.

Capital and conversion costs were assumed to be constant across all Census Divisions and for all forecast years. Energy costs vary across Census Divisions as a function of industrial-sector coal,

natural gas, and electricity prices. Natural gas prices are obtained from the NEMS Natural Gas Transmission and Distribution Module, coal prices are from the NEMS Coal Market Module, and electricity prices are from the NEMS Electricity Market Module.

### **Cellulose-Based Ethanol**

The cost of cellulosic ethanol is subdivided into capital cost, feedstock (biomass) cost, operating cost, and a credit for excess electricity generated at the ethanol plant. As with the corn model, each of the above factors contributes to a part of the total price of ethanol.

Biomass feedstock supply is not modeled in the Petroleum Market Model. Biomass price/quantity data are obtained from the Renewable Fuels Module of NEMS and are used as input to the ethanol model. The Model Documentation: Renewable Fuels Module of the National Energy Modeling System, DOE/EIA-M069(2010) contains a complete description of the approach and assumptions used in generating the biomass feedstock supply functions. Briefly, the biomass use in NEMS is modeled as two distinct markets, the captive and non-captive biomass markets. The captive market pertains to users with dedicated biomass supplies that obtain energy by burning biomass byproducts resulting from the manufacturing process. The non-captive market is defined to include the residential, commercial, transportation, and electric utility sectors, as well as the resources marketed in the industrial sector.

EIA developed a fairly simple model structure consisting of one supply schedule per region. This schedule defines the quantity and cost relationships of biomass resources accessible by all non-captive, non-residential consumers. It is based on an aggregation of supply/price information from U.S. Forest Service and forest product experts. The wood portion of the cost-supply schedule is static throughout the model period. Energy crop cost-supply schedules are also developed and superimposed onto the wood total.

A basic assumption for the biomass feedstock is that the supply price for non-captive biomass energy is the same across all sectors. Biomass feedstock costs are input from the NEMS Renewable Fuels Model at the Census Division level. Biomass usage by the PMM ethanol model is fed back to the Renewable Fuels Model. At lower prices, the NEMS biomass supply is mostly urban wood waste. Cellulose ethanol technology, however, is being developed for agricultural residue, forestry residue, and purpose-grown energy crops. Therefore, the NEMS biomass supply to cellulose ethanol production excludes urban wood waste.

An important modeling consideration for cellulose ethanol production is the imposition of a constraint on the amount of ethanol production capacity assumed for the early years of the forecast. Ethanol from cellulose is a relatively new technology and ethanol production from

cellulose is currently at the demonstration level. A constraint on cellulose ethanol production prevents unrealistically large increases in production capacity from occurring suddenly in response to favorable market prices.

For *AEO2012*, the upper limit is determined using the Mansfield-Blackman model for market penetration. This algorithm tracks the number of units (1 unit is 50 MM gal/yr, or 3.26 Mbbl/cd) built nationally in order to determine the maximum penetration allowed for the next build cycle. The key parameters used in this algorithm to define the characteristic of the cellulosic production process include the innovation index (0.25), the relative profitability ratio (1.55), size of the investment ratio (2.0), and the maximum total number of units (300). This algorithm is incorporated in the *refeth.f* code in the PMM, and presented in section I.3.

In addition to feedstock prices and quantities input from the Renewable Fuels Model, the ethanol model requires feedstock conversion and energy cost data, and capital and operating cost data. The conversion and capital cost data were derived from a joint study by the Dept. of Agriculture and the Dept. of Energy, *Determining the Cost of Producing Ethanol from Corn Starch and Lignocellulosic Feedstocks*.

Ethanol production costs are assumed to be constant across the United States. However, feedstock availability and price varies from Census Division to Census Division. Ethanol production in Census Divisions 2 and 7 is expected to be based on forest residue. Census Divisions 3 and 4 have corn stover in large volume. The feedstocks available in Census Division 9 are forest residue and rice straw. The Federal tax incentives for blending ethanol also apply to ethanol from cellulose.

Technology penetration is taken into account in modeling cellulose-based ethanol. The initial estimate of the capital cost of a cellulosic ethanol plant was adjusted by two other factors: technological optimism and learning-by-doing. In *AEO2012*, commercial cellulosic ethanol production is considered to be a new technology. As a result, capital costs are based on engineering estimates (in particular, the quoted IOGEN estimate). The difference between this initial engineering estimate and the final first-of-a-kind costs may be characterized as technological optimism. In *AEO2012*, a factor of 1.25 was used to represent technological optimism.

Learning-by-doing represents the decrease in capital cost of a plant component as more experience is gained through the construction of additional plants. Learning in the experimental portion of the cellulosic ethanol plant is represented by three stages; early rapid learning, normal learning and extended learning. In *AEO2012*, early rapid learning encompasses the first five

(subsidized) plants. At the completion of the five subsidized plants, the overnight cost is 110% of the engineering estimate. It was assumed that two-thirds of the cost of the proposed plant is considered conventional technology, while the remaining one-third is considered experimental. Normal learning occurs through the 32nd plant, at a rate of 25% per doubling. Finally, extended learning continues at a rate of 10% per doubling. Learning for the conventional technology proceeds at 1% per doubling.

Even if no unsubsidized plants were constructed, some learning would occur. In *AEO2012*, overnight costs were reduced by 0.5% per year while no unsubsidized plants were being built.

### **Advanced Ethanol**

The cost of advanced ethanol is subdivided into capital cost, feedstock cost, and operating cost. Each of these factors contributes to a part of the total price of ethanol. The capital cost of an advanced ethanol processing unit is estimated to be a function of the cost of a next-generation dry mill corn ethanol unit. The variable operating costs are input data that are consistent with the process unit yield assumptions. The grain supply curve is set based on an initial stock of barley available in each supply region (Census Division), and is defined by 5 discrete steps. The price on each step is a function of the corn price and a transport cost, and the size of each step is a function of total stock. The growth rate in stock each year is defined by the growth in corn ethanol production.

## **I. 3 Key Computations and Equations**

### **Corn-Based Ethanol**

The ethanol price, in 1987 \$ per barrel, is determined by the LP model solution, based on feedstock costs, capital and operating costs, transport costs, and subsidies. Operating costs and other parameters are data inputs, defined in the Inventory of Variables, Data, and Parameters section below. Feedstock costs are represented as price/quantity supply curves. Capital costs are calculated from economic parameters.

The feedstock supply curve is defined by a price/quantity (P/Q) relationship, and represented in the LP as five segmented P/Q steps. The first three steps represent the quantity of corn consumed in the previous year (CRNCD), with the first step defined as 80 percent of CRNCD, and subsequent steps based on 95%, 100%, 105%, and 130% of CRNCD, set as incremental quantities. The EIA corn price model is approximated by a two-part function in PMM. The parameters used below are defined in Section I.4. For corn use at or below 4.7 billion bushels, the farm price of corn (1987 dollars per bushel) is given by:

$$FC_{t,e} = \text{Intercept} + \text{Slope} * X + 0.15$$

For corn use greater than 4.7 bushels, the farm price of corn is given by:

$$FC_{t,e} = \text{Base} * \text{EXP} (\text{Exponential Coefficient} * X) + 0.15$$

Where:

- $X$  = National total corn use for ethanol production (billion bushels per year), adjusted regionally to shift curve upward (3.03 for CD=3, 1.515 for CD=4)
- $0.15$  = Charge added to the farm price of corn to represent the cost of delivering corn to ethanol plants (1987 dollars per bushel)

The annualized capital cost coefficient ( $CAPCST1_e$ ) for each of the new dry mill units is calculated from the following equations:

$$BNDRET1_e = (1. + MC\_RMCORPBAA_t / 100. + BNDPREM1_e / 100. / MC\_JPGDP_t / MC\_JPGDP_{t-1})$$

$$BNDCRF1_e = BNDRET1_e / (1. - (1. / (1. + BNDRET1_e) ** CRNLIFE_t))$$

$$EQRET1_e = (1. + MC\_RMTCM10Y_t / 100. + BETA1_e * EQPREM1_e / 100. / (MC\_JPGDP_t / MC\_JPGDP_{t-1}) - 1.$$

$$EQCRF1_e = EQRET1_e / (1. - (1. / (1. + EQRET1_e) ** CRNLIFE_e))$$

$$CAPCST1_e = BNDCRF1_e * CRNDEBT_e / 100. + EQCRF1_e * (100. - CRNDEBT_e / 100.) * CRNCAP_e$$

Where:

$e$  = 4 for new dry mill

$e$  = 5 for new advanced dry mill

$CAPCST1_e$  = Capital cost recovery for corn conversion technology for plant type  $e$ .

Plants are assumed to run at full nameplate capacity.

$CRNDEBT_e$  = Debt fraction (percent) for plant type  $e$ , data in rfrenew.txt

$CRNCAP_e$  = Capital cost for plant type  $e$ , 1987\$/ annual gallon ethanol produced, data in rfrenew.txt

$CRNLIFE_e$  = Asset life for plant type  $e$ , data in rfrenew.txt

$BNDCRF1_e$  = Annualized representation of debt factor for plant type  $e$

$BNDRET1_e$  = Debt factor for plant type  $e$

$BNDPREM1_e$  = Bond premium (percent) for plant type  $e$ , data in rfrenew.txt

$EQCRF1_e$  = Annualized representation of equity factor for plant type  $e$

$EQRET1_e$  = Equity factor for plant type  $e$

$EQPREM1_e$  = Equity premium (percent) for plant type  $e$ , data in rfrenew.txt

$BETA1_e$  = Equity premium beta for plant type  $e$ , data in rfrenew.txt

$MC\_JPGDP_t$  = GDP chained price index in year  $t$  (1987=1), generated by the Macroeconomic Activity Model. Located in Macroeconomic common block MACOUT.

$MC\_RMCORPBAA_t$  = Baa average corporate bond rate in year  $t$ , generated by the Macroeconomic Activity Model. Located in Macroeconomic common block MACOUT.

$MC\_RMTCM10Y_t$  = Ten-year treasury note rate in year  $t$ , generated by the Macroeconomic Activity Model. Located in Macroeconomic common block MACOUT.

The price of co-product from the dry mill corn ethanol plants are determined in each year of the model, and are based on the corn supply price associated with the corn quantity consumed in the previous year (step 3 on the corn supply curve), as represented in the equation below:

$$PRICLP = CRNSPRICE_3 * 2000/56$$

The price of energy for each process unit type is taken from the following NEMS variables:

$PGIIN_{cd,t}$  = Industrial sector price of interruptible natural gas for Census Division  $cd$  in year  $t$  (1987 dollars per million Btu)

$PCLIN_{cd,t}$  = Industrial price of coal for Census Division  $cd$  in year  $t$  (1987 dollars per million Btu). Generated by the Coal Market Model. Located in the Price common block MPBLK.

$INPELIN_{cd,t}$  = Industrial sector price of electricity for Census Division  $cd$  in year  $t$ . Value is \$0.035 per KWh (1987 \$)

### Cellulose-Based Ethanol

As with corn ethanol production, the price of ethanol from biomass, in 1987 \$ per barrel, is determined by the LP model solution, based on feedstock costs, capital and operating costs, transport costs, and subsidies. Operating costs and other parameters are data inputs, defined in the Inventory of Variables, Data, and Parameters section below. Feedstock costs are represented as price/quantity supply curves. Capital costs are calculated from economic parameters.

**CAPITAL COSTS:** Capital cost is calculated as follows:

$$RQCOD = MC\_RMCORPBAA_t/100 + BNDPREM2/100$$

$$RQCOE = MC\_RMTCM10Y_t/100 + BETA2 * EQPREM2/100$$

$$RECRATCLL_t = RQCOD * CLLDEBT/100 + RQCOE * (100 - CLLDEBT)/100$$

$$CAPCSTCLL = (RECRATCLL_t * (1 + RECRATCLL_t) ** CLLLIFE / ((1 + RECRATCLL_t) ** CLLLIFE - 1)) * CLLCAP * CLLLNRATE * ETHPLNTFACT$$

$$CAPCSTCLL = CAPCSTCLL + FXOCCLL$$

Where:

$MC\_RMCORPBAA_t$  = Nominal yield of BAA-rated corporate bonds in year  $t$

$BNDPREM2$  = Bond premium required for cellulose ethanol plants

$CLLLIFE$  = Capital recovery period for cellulose ethanol plants

$MC\_RMTCM10Y_t$  = Nominal yield on 10-year treasury note in year  $t$   
 $BETA2$  = Cellulose ethanol specific multiplier applied to equity risk premium  
 $EQPREM2$  = Market risk premium for equity  
 $RQCOD$  = Cost of debt  
 $RQCOE$  = Cost of equity  
 $CLLDEBT$  = Debt fraction of cellulose ethanol plant finance  
 $CLLCAP$  = Capital cost per annual gallon of capacity for cellulose ethanol plant  
 $CLLLNRATE$  = Learning factor  
 $ETHPLNTFACT$  = Autonomous learning factor  
 $CAPCSTCLL$  = Capital cost recovery for biomass to ethanol conversion technology.  
 Plants are assumed to run at full nameplate capacity.  
 $FXOCCLL$  = Fixed operating cost

**LEARNING PARAMETERS:** The learning parameters are calculated as follows:

$$CLLLNRATE = PhaseIa * MAXPLTNUM^{(-PhaseIb)}$$

Where:

$MAXPLTNUM$  = Number of plants constructed

$PhaseIa$  =  $a$  coefficient in phase I (I=1-3)

$PhaseIb$  =  $b$  coefficient in phase I

If no unsubsidized plants have been built, the autonomous learning parameters are:

$$ETHPLNTFACT = 1 \text{ for } CURIYR < 24$$

and:

$$ETHPLNTFACT = (1 - .005 * (CURIYR - 23)) \text{ for } CURIYR \geq 24$$

**BIOMASS FEEDSTOCK:** Biomass feedstock supply used to produce ethanol in the PMM is represented by two biomass supply curves (agricultural residue and forest residue) in each of 16 biomass supply regions. Each of these regional supply curves are linked to the nine Census Divisions (CDs) where the cellulosic ethanol units can be built. The 49 step supply curves are defined by the variables  $WDSUP\_P$  and  $WDSUP\_Q$  (1987\$/MMBTU, billion BTU/year) which are provided by the Renewable Fuels Model. The PMM uses these variables as follows:

$$FQ_{q,br,st} = WDSUP\_Q_{q,br,t,st} * 1000. / 365.$$

$$FC_{q,br,st} = WDSUP\_P_{q,br,t,st}$$

Where:

$FC_{q,br,st}$  = Biomass feedstock cost for Biomass Region  $br$ , for biomass type  $st$ , for step  $q$  on the curve (1987 \$/MMBtu)

$FQ_{q,br,st}$  = Total biomass feedstock quantity for Biomass Region  $br$ , for biomass type  $st$ , for step  $q$  on the curve (1987 \$/MMBtu)

Notes:



17.2 = MMBtu of biomass per short ton of biomass. P/Q variables for biomass curve generated by the Renewable Fuels Model are wdpmmcurvq and wdpmmcurvp.

**CAPACITY LIMIT:** The upper limit on cellulose ethanol capacity is determined using the Mansfield-Blackman model for market penetration and the basic unit size (50 MM gal/yr, or 3.26 M bbl/cd), as presented below.

Mansfield-Blackman Algorithm:

$$KFAC = -ALOG( (CLLBLDX/NCLLBLT) -1.0) \quad ! \text{ ratio of \# allowed/\#blt}$$

$$PHI = -.3165 + (0.23221*CLLIINDX) + (0.533*CLLPINDX) - (0.027*CLLSINVST)$$

$$SHRBLD = 1./ (1. + EXP(-KFAC-(EYR*PHI)))$$

$$CLLRHSNUM = CLLBLDX * SHRBLD$$

Resulting upper limit on cellulose ethanol capacity:

$$\text{Maximum CLL capacity} = CLLRHSNUM * CLLSIZE$$

Where:

*KFAC* = Relationship between the number of units allowed (CLLBLDX) and number of units built (NCLLBLT)

*CLLIINDX* = M-B innovation index (=0.25)

*CLLPINDX* = M-B relative profitability ratio (=1.45)

*CLLSINVST* = M-B size investment ratio (=2.0)

*PHI* = Combined M-B index factors

*EYR* = Cumulative years of build

*CLLBLDX/NCLLBLT* = Ratio of number allowed / number built (number allowed = 300)

*SHRBLD* = Fraction of total number of units allowed (M-B penetration algorithm)

*CLLRHSNUM* = Maximum total number of units allowed to date

### Advanced Ethanol

The grain supply curve is a function of initial grain stocks, grain-to-ethanol processing levels, grain prices (which are based on corn prices within PMM), and transport costs in each model year. The quantity and price point for each step on the supply curve in each Census Division (CD) is defined as follows:

$$INCQUANTGRN_{CD,s} = SBGROWTH * GSTK_{CD} * QUANTFRAC_s$$

$$PRICLP_{CD,s} = DIESCOST + CPRICE_s + 0.10 * CPRICE_1$$

$$DIESCOST = PDSTR_{avg,t} * (5.825/42.0) * 0.44006 - 0.61641$$

where,

$$INCQUANTGRN_{CD,s} = \text{Quantity on step s of the grain supply curve in CD (MMbushel/yr)}$$

- PRICLP<sub>CD,s</sub> = Price on step s of the grain supply curve in CD (1987\$/bushel)  
 SBGROWTH = Annual growth in corn processed into ethanol  
 GSTK<sub>CD</sub> = Grain stock (MM bushel/yr)  
 QUANTFRAC<sub>s</sub> = Used to size steps on the supply curve  
 CPRICE<sub>s</sub> = Corn price on step s (1987\$/bushel)  
 PDSTR<sub>avg,t</sub> = Average diesel price (1987\$/MMBtu)  
 DIESCOST = Transit costs from diesel (1987\$/bushel)

## I. 4 Inventory of Variables, Data, and Parameters

### Corn-Based Ethanol

Tables I.1 and I.2 provide information related to the cost components and parameters for corn ethanol production.

**Table I.1 Corn Price Function (CF in section I.2) Parameters by Year**

	Intercept	Slope	Base	Exponential Coefficient
<b>2007</b>	0.1413	0.5093	0.9599	0.1851
<b>2008</b>	0.1413	0.5093	0.9649	0.1804
<b>2009</b>	-0.4120	0.6123	0.9699	0.1757
<b>2010</b>	0.0586	0.4567	1.0000	0.1492
<b>2011</b>	0.2187	0.3921	1.0000	0.1467
<b>2012</b>	0.2770	0.3456	1.0000	0.1442
<b>2013</b>	0.4859	0.3013	1.0000	0.1417
<b>2014</b>	0.5112	0.2908	1.0000	0.1392
<b>2015</b>	0.6144	0.2534	1.0000	0.1367
<b>2016</b>	0.8216	0.2049	1.0000	0.1342
<b>2017</b>	0.9264	0.1789	1.0000	0.1317
<b>2018</b>	0.9264	0.1789	1.0000	0.1292
<b>2019</b>	0.6633	0.2394	1.0000	0.1267
<b>2020</b>	0.5705	0.2586	1.0000	0.1242
<b>2021</b>	0.6578	0.2501	1.0000	0.1217
<b>2022</b>	0.6919	0.2390	1.0000	0.1192
<b>2023</b>	0.8147	0.1883	1.0000	0.1167
<b>2024</b>	0.5495	0.2614	1.0000	0.1142
<b>2025</b>	0.2540	0.3036	1.0000	0.1117
<b>2026</b>	0.7923	0.1789	1.0000	0.1092
<b>2027</b>	0.8469	0.1744	1.0000	0.1067
<b>2028</b>	0.6187	0.2126	1.0000	0.1042
<b>2029</b>	0.6087	0.2319	1.0000	0.1017
<b>2030-2035</b>	0.6448	0.2052	1.0000	0.0992

**Table I.2 Cost Components and Parameters by Corn Ethanol Plant Type**

	Existing Wet Mill	Existing Dry Mill	New Dry Mill	Advanced Dry Mill
<b>CRNCAPe</b>	n/a	n/a	0.868 \$87/ann gal	0.868 \$87/ann gal
<b>CRNLIFEe</b>	n/a	n/a	20 years	20 years
<b>CRNDEBTe</b>	n/a	n/a	40%	40%
<b>BNDPREM1e</b>	n/a	n/a	0.25%	0.25%
<b>EQPREM1e</b>	n/a	n/a	6.75%	6.75%
<b>BETA1e</b>	n/a	n/a	1.5	1.5
<b>OPCSTe</b>	5.477 \$87/bbl	5.477 \$87/bbl	5.477 \$87/bbl	5.477 \$87/bbl

**Cellulose-Based Ethanol**

Table I.3 provides information related to the cost components and parameters for cellulosic ethanol production.

**Table I.3 Cost Components and Parameters for Cellulose Ethanol Plant**

<b>PMM variable</b>	<b>Value</b>
CLLCAP	3.170 \$87/ann gal
CLLLIFE	15
CLLDEBT	40%
BNDPREM2	0.5%
EQPREM2	7.0%
BETA2	1.5
FXOC	0.169 \$87/gal
OPCST	17.98 \$87/bbl

**MODEL INPUT:**  $MC\_RMCORPBAA_t, MC\_RMTCM10Y_t$

**DEFINITION:** Nominal yields of BAA-rated corporate bonds and 10-year treasury notes, respectively, in year  $t$

**SOURCE:**

Generated by the Macroeconomic Model. Located in Macroeconomic common block MACOUT.

**MODEL INPUT:**  $MC\_JPGDP_t$

**DEFINITION:** GDP chained price index in year  $t$ . 1987=1.

**SOURCE:**

Generated by the Macroeconomic Model. Located in Macroeconomic common block MACOUT.

**MODEL INPUT:** CLLLIFE

**DEFINITION:** Capital recovery period for cellulose ethanol plants. Value is 15 years.

**SOURCE:**

Spreadsheet *AEO2008* Final Discount Rates.xls, by Thomas Lee of OIAF.

**MODEL INPUT:**

CLLBNDPREMCLL

**DEFINITION:**

Bond premium required for corn ethanol plants. Value is 0.5 percent.

**SOURCE:**

Spreadsheet *AEO2008* Final Discount Rates.xls.

**MODEL INPUT:**

CLLEQPREMCLL

**DEFINITION:**

Market risk premium for equity investment. Value is 7.00 percent for all equity investments.

**SOURCE:**

Spreadsheet: Cellulosic Ethanol 062407-correction.xls.

**MODEL INPUT:**

BETA2

**DEFINITION:**

Cellulose ethanol-specific multiplier applied to equity risk premium. Value is 1.5.

**SOURCE:**

Spreadsheet: Cellulosic Ethanol 062407-correction.xls.

**MODEL INPUT:**

CLLDEBT

**DEFINITION:**

Debt fraction of cellulose ethanol plant finance. Value is 40 percent.

**SOURCE:**

Spreadsheet: Cellulosic Ethanol 062407-correction.xls.

**MODEL INPUT:**

CLLCAP

**DEFINITION:**

Capital cost per annual gallon of capacity for cellulose ethanol plant. Value is \$3.17 per gallon per year of capacity (1987 \$).

**SOURCE:**

Marano, John, "Cellulosic Ethanol Technology Data Profile", March 2008.(Draft)

**MODEL INPUT:**

FC<sub>2,t,e</sub>

**DEFINITION:**

Cellulose feedstock cost in year  $t$  (1987 \$/gal). The prices for biomass were chosen to reflect adequate supplies of higher-quality biomass for the step quantity of cellulose ethanol. Cellulose ethanol plants are assumed to use forest wastes, crop residues, and energy crops. It is assumed that they will not use urban wood waste, because its quality is too variable.

**SOURCE:**

National Energy Modeling System common block WRENEW. Input from the Renewable Fuels Model.

**MODEL INPUT:** OPCSTCL<sub>e</sub>, PWRCDCLE

**DEFINITION:** OPCSTCL<sub>e</sub> is \$0.428 per gallon, and PWRCDCLE is \$-0.082 per gallon (1987 \$).

**SOURCE:**

McAloon, Andrew; Taylor, Frank; Yee, Winnie. *Determining the Cost of Producing Ethanol from Corn Starch and Lignocellulosic Feedstocks*. National Renewable Energy Laboratory, October 2000. Located in the RFRENEW.TXT input data file.

**MODEL INPUT:** PBMETcd,t

**DEFINITION:** Biomass feedstock cost for Census Division cd in year t.

**SOURCE:**

National Energy Modeling System common block WRENEW. Input from the Renewable Fuels Model.

**MODEL INPUT:** SUBETHSUB<sub>t</sub>

**DEFINITION:** Value of Federal tax incentive in year *t*, in nominal dollars. The incentive is 52 cents per gallon in 2004 and 51 cents per gallon thereafter, ending after 2011.

**SOURCE:**

Located in the RFRENEW.TXT data input file.

### Advanced Ethanol

The initial stock of barley used to define the grain supply curve is listed in Table I.4 below:

**Table I.4 Initial Stock of Barley for Grain Supply**

Census Division	MM bushel/yr
1	1.12
2	4.39
3	9.15
4	288.28
5	11.65
6	8
7	145.76
8	105.55
9	19.21

## I.5 Ethanol Transportation Costs

The most comprehensive work regarding ethanol distribution infrastructure and costs is a report

by Downstream Alternatives, Inc. (DAI), Infrastructure Requirements for an Expanded Ethanol Industry, June 2002, performed for the Department of Energy Office of Energy Efficiency and Renewable Energy. This source was used to develop cost estimates for transporting ethanol between and within Census Divisions (CD's).

The DAI study estimates the infrastructure investment costs and the transportation costs that would likely be incurred if ethanol demand reached 5.0 billion gallons per year (BGY) by 2012. The infrastructure costs are incremental and represent additional expenditures from an established baseline level of 1.5 BGY. Transportation costs are the largest category of costs, far larger than the amortized costs of modifications to petroleum terminals and retail stations for blends of 10 percent ethanol or less. Rail and water are the modes of ethanol transport that are considered, as pipeline shipment is not currently considered a cost-effective method of transport due to special handling requirements of ethanol.

The DAI study examines the costs and ethanol demand by PADD. The links needed for PMM, as shown in Table I.5, are based on Census Divisions for demands. There are some discrepancies between the PADD and CD mapping in terms of states; however, for the purpose of ethanol transportation cost estimates between the CD's, the following table is not expected to introduce significant error to the modeling results.

**Table I.5 DAI Regions and NEMS Regions**

DAI Regions		NEMS/PMM Regions	
Code	Locations	Code	Locations
1	PADD 1	1, 2, 5	CDs 1, 2, and 5
2	PADD 2	3, 4	CDs 3 and 4
3	PADD 3	6, 7	CDs 6 and 7
4	PADD 4	8	CD 8
5	PADD 5	9	CD 9

Most ethanol is produced in either CD 3 or 4, and transported by rail, barge, ship, or truck. Ethanol produced and consumed in the same CD is assumed to be shipped by truck at a freight cost of 4 cents/gallon. Starting with the baseline of existing ethanol sales from year 2000, the DAI study examines the costs and ethanol demand for the years 2004, 2007, and 2012. The corresponding demands in the PMM model for each mode of transportation and the estimated freight costs are shown for these 3 years in Tables I.5, I.6, and I.7.

The average cents per gallon in Tables I.6 through I.8 are provided on an amortized, cost per gallon of ethanol basis. Costs for capital improvement are included in the PMM model but are

not included in the freight costs shown below. (Amortized capital improvement costs range from 0.52 cents per gallon to 0.87 cents per gallon, with a nationwide average of 0.66 cents per gallon.)

**Table I.6 2004 New Ethanol Shipments and Freight Costs by Census Divisions**

From	To	Mode of Transport	Amount of New Ethanol Shipped (mgy)	Freight Costs (cents/gallon)
CD 3	CD 1	Rail	44.8	9.0
CD 3	CD 1	Ship	25.1	11.0
CD 3	CD 2	Rail	160.5	8.0
CD 3	CD 2	Ship	89.9	11.0
CD 3	CD 3	Barge	103.2	4.0
CD 3	CD 5	Rail	44.7	8.0
CD 3	CD 5	Ship	25.0	11.0
CD 4	CD 3	Rail	52.0	4.0
CD 4	CD 3	Truck	52.0	4.0
CD 4	CD 4	Truck	103.3	4.0
CD 4	CD 9	Rail	84.0	13.0
CD 4	CD 9	Ship	70.0	13.0

Source: Based on data from Downstream Alternatives Inc., Transportation and Infrastructure Requirements for a Renewable Fuels Standard, (June 2002), and personal communication with author (Robert Reynolds, August 2002)

*Note: Costs shown reflect 2000 dollars.*

**Table I.7 2007 New Ethanol Shipments and Freight Costs by Census Divisions**

From	To	Mode of Transport	Amount of New Ethanol Shipped (mgy)	Freight Costs (cents/gallon)
CD 3	CD 1	Rail	34.8	9.0
CD 3	CD 1	Ship	18.8	11.0
CD 3	CD 2	Rail	124.5	9.0
CD 3	CD 2	Ship	67.4	11.0
CD 3	CD 3	Truck	38.6	4.0
CD 3	CD 5	Rail	34.7	9.0
CD 3	CD 5	Ship	18.8	11.0
CD 3	CD 6	Barge	12.2	3.5
CD 3	CD 6	Rail	24.9	7.0
CD 4	CD 3	Truck	38.6	4.0
CD 4	CD 4	Truck	38.6	4.0
CD 4	CD 6	Barge	4.1	3.5
CD 4	CD 6	Rail	8.3	7.0
CD 4	CD 7	Barge	43.7	3.5
CD 4	CD 7	Rail	88.8	7.0

<b>From</b>	<b>To</b>	<b>Mode of Transport</b>	<b>Amount of New Ethanol Shipped (mgy)</b>	<b>Freight Costs (cents/gallon)</b>
CD 4	CD 9	Rail	195.0	13.0
CD 4	CD 9	Ship	105.0	13.0

Source: Based on data from Downstream Alternatives Inc., Transportation and Infrastructure Requirements for a Renewable Fuels Standard, (June 2002), and personal communication with author (Robert Reynolds, August 2002)



**Table I.8 2012 New Ethanol Shipments and Freight Costs by Census Divisions**

From	To	Mode of Transport	Amount of New Ethanol Shipped (mgy)	Freight Costs (cents/gallon)
CD 3	CD 1	Rail	71.8	9.0
CD 3	CD 1	Ship	43.1	11.0
CD 3	CD 2	Rail	256.8	9.0
CD 3	CD 2	Ship	154.1	11.0
CD 3	CD 3	Barge	16.8	4.0
CD 3	CD 3	Truck	146.3	4.0
CD 3	CD 3	Rail	10.0	4.0
CD 3	CD 5	Rail	71.5	9.0
CD 3	CD 5	Ship	42.9	11.0
CD 3	CD 6	Barge	20.6	3.5
CD 3	CD 6	Rail	11.4	7.0
CD 3	CD 9	Rail	25.0	14.0
CD 3	CD 9	Ship	15.0	14.0
CD 4	CD 1	Rail	17.9	11.0
CD 4	CD 1	Ship	10.8	12.0
CD 4	CD 2	Rail	64.2	11.0
CD 4	CD 2	Ship	38.5	12.0
CD 4	CD 3	Barge	33.6	4.0
CD 4	CD 3	Rail	20.0	4.0
CD 4	CD 3	Truck	36.6	4.0
CD 4	CD 4	Truck	36.6	4.0
CD 4	CD 5	Rail	17.9	11.0
CD 4	CD 5	Ship	10.7	12.0
CD 4	CD 6	Barge	20.6	3.5
CD 4	CD 6	Rail	11.4	7.0
CD 4	CD 7	Barge	110.1	3.5
CD 4	CD 7	Rail	61.0	7.0
CD 4	CD 8	Rail	35.0	4.5
CD 4	CD 9	Rail	225.0	13.0
CD 4	CD 9	Ship	135.0	13.0

Source: Based on data from Downstream Alternatives Inc., Transportation and Infrastructure Requirements for a Renewable Fuels Standard, (June 2002), and personal communication with author (Robert Reynolds), August 2002.



# APPENDIX J. Biodiesel Supply Model

## J.1 Model Purpose

The objective of the biodiesel supply model is to provide the NEMS Petroleum Market Model (PMM) with supply curves for virgin and recycled vegetable oils and fats. The model provides plant-gate biodiesel prices as a function of quantity for each Census Division and each forecast year. The curves, derived from a biodiesel production cost function, represent the prices at which biodiesel is expected to be available for blending into distillate and highway diesel.

## J. 2 Fundamental Assumptions

The PMM can produce biodiesel from virgin vegetable oil, yellow grease, white grease, and imported palm oil. Virgin oil supplies to biodiesel producers consist of regional quantities of soybean, cottonseed, canola, and sunflower oils. Yellow grease consists primarily of used cooking oil from restaurants. As such, its availability is nationwide and is assumed to grow at the same rate that population grows. White grease consists of fats from rendering. Biodiesel production capacity by feedstock is allocated among Census Divisions in PMM according to the National Biodiesel Board's map of existing and potential producers and according to potential feedstock supplies.<sup>J-1</sup>

The biodiesel model uses a process costing approach to model the impacts of net feedstock production costs plus capital and operating costs. Biodiesel is produced in a type of chemical reaction called a transesterification. Fats or oils are reacted with an alcohol, usually methanol, to produce esters of the fat or oil (biodiesel) and glycerin (byproduct).

For *AEO2012*, soybean oil prices were econometrically linked with corn prices via the following relation:

$$\text{SOYPRICE}(M,J) = 7.29*\text{CRNPERLB}(M,J-1)-3.23*\text{CRNPERLB}(M,J-2) + 2.29*\text{CRNPERLB}(M,J-4)-1.08*\text{CRNPERLB}(M,J-6)$$

Thus, the soybean oil price in each region M for a given year J is related to the corn price in years J-1, J-2, J-4, and J-6. After converting the price from cents per pound to 1987\$ per barrel via the equation:

$$\text{SOYPRICE}(M,J)=\text{SOYPRICE}(M,J)*7.72*42/100,$$

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<sup>J-1</sup> [http://www.nbb.org/buyingbiodiesel/producers\\_marketers/ProducersMap-Existing.pdf](http://www.nbb.org/buyingbiodiesel/producers_marketers/ProducersMap-Existing.pdf) and [http://www.nbb.org/buyingbiodiesel/producers\\_marketers/ProducersMap-Construction.pdf](http://www.nbb.org/buyingbiodiesel/producers_marketers/ProducersMap-Construction.pdf) as of July 2006.

Costs for other virgin oils (cotton seed, sunflower, and canola) are defined as a function of the soybean oil price:

$$\text{COTPRICE}(M,J)=\text{SOYPRICE}(M,J)+3.68$$

$$\text{SUNPRICE}(M,J)=\text{SOYPRICE}(M,J)+9.09$$

$$\text{CNLPRICE}(M,J)=\text{SOYPRICE}(M,J)+11.25$$

These relationships are based on historical comparisons between these other virgin oils (cotton seed, sunflower, and canola) with respect to soybean oil. Associated with these costs for each of the possible virgin oil biodiesel feedstocks is a supply step on the incremental “supply curve” for virgin feedstocks (presented in Table J.1).

**Table J.1 Quantities on Supply Steps for Virgin Feedstocks**

4-23-07. As a temporary measure, the original virgin biodiesel data has been kept, but converted to soybean oil (SBO) quantities in the PMM code by multiplying by .991 (the coefficient in T:SBO table in the ethanol.dat input file). The following table represents the incremental virgin (V) biodiesel V by price step (column) and CD (row), Mbbbl/day.

1	2	3	4	5	Supply Curve Point Index
@					CD
0.00	0.00	0.00	0.02	0.00	1
0.19	0.00	0.00	0.27	0.00	2
5.70	2.64	0.89	5.80	0.00	3
18.76	0.24	4.70	35.89	0.00	4
1.20	1.18	0.00	0.00	0.00	5
1.50	1.14	0.00	0.00	0.00	6
1.63	3.76	3.90	5.88	0.00	7
0.00	0.14	1.19	10.50	0.00	8
0.00	0.31	0.20	4.75	0.00	9

The module refeth.f stores this table in WQTOTV(M,L), where M = 1 to 9 (the census district) and L = 1 to 5. (WQTOTV(M,5) = 0.00 is a dummy value.)

The data from the WQTOTV table (Table J.1) represents finished biodiesel, not the feedstock. Feedstock quantities are calculated by FSQTYV = 0.991 WQTOTV:

**Table J.2 Available Virgin Feedstock (Soybean Oil, Cotton Seed Oil, Sunflower Oil, Canola Oil)**

	1	2	3	4
1	0.00000	0.00000	0.00000	0.01982
2	0.18829	0.00000	0.00000	0.26757
3	5.64870	2.61624	0.88199	5.74780
4	18.59116	0.23784	4.65770	35.56699
5	1.18920	1.16938	0.00000	0.00000
6	1.48650	1.12974	0.00000	0.00000
7	1.61533	3.72616	3.86490	5.82708
8	0.00000	0.13874	1.17929	10.40550
9	0.00000	0.30721	0.19820	4.70725

In Table J.2, column 1 represents soybean oil, column 2 represents cotton seed oil, column 3 represents sunflower oil, and column 4 represents canola. The total virgin feedstock available is the sum of the individual feedstock availabilities.

The price curve, developed by Peter Gross, is an exponential curve based on (1) the price and quantity of feedstock if biodiesel consumed the entire soybean oil supply and (2) the price and quantity of feedstock if biodiesel consumed the entire virgin oil supply (soybean, cottonseed, sunflower, and canola). This exponential curve is then divided into 99 linear steps.

In addition to feedstock prices and quantities, the model requires capital and operating costs. The cost data are documented in the Inventory of Variables, Data, and Parameters section of this report. The capital cost for a biodiesel plant was updated this year \$1.1348/gallon based on ASPEN modeling work done by M.J. Haas et. al., *Biosource Technology* **97** (2006) pp. 671-678. Note that with this theoretical approach, only the agricultural, or feedstock production costs are modeled as a function of the total quantity of ethanol produced. The conversion plant process costs are independent of production quantities.

### **J. 3 Key Computations and Equations**

Biodiesel costs including subsidies are calculated in a separate spreadsheet (NEMSbiodieselsupplycurve.xls, maintained by Mike Cole of EIA). These costs are tabulated as functions of biodiesel production quantities. The prices for biodiesel are calculated from the following equations:

$$WPBDSL_{1,cd,t,e} = [FC_{1,t,e} + CAPBDSL + OPBDSL - GLYCVAL_t - FEDSUBV_t/MC\_JPGDP_t]*42$$

$$WPBDSL_{2,cd,t,e} = [FC_{2,t,e} + CAPBDSL + OPBDSL - GLYCVAL_t - FEDSUBNV_t/MC\_JPGDP_t]*42$$

Where:

$i$ =feedstock index;  $1$ ≡virgin oil biodiesel,  $2$ ≡yellow grease biodiesel

$PBDSL_{i,cd,t,e}$  = Delivered price of biodiesel produced from feedstock  $i$  in Census Division  $cd$  in year  $t$  for volume step  $e$  (1987 \$/barrel)

$FC_{i,t,e}$  = Net cost of feedstock  $i$  in year  $t$  for volume step  $e$  (1987 \$/gal)

$CAPBDSL$  = Capital cost for conversion technology (1987 \$/gal)

$OPBDSL$  = Operating cost for biodiesel production (1987 \$/gal)

$GLYCVAL_t$  = Value of glycerin byproduct per gallon of biodiesel produced (1987 \$/gal)

$FEDSUBV_t$  = Federal excise tax exemption for biodiesel from soybean oil in year  $t$  (nominal \$/gal)

$FEDSUBNV_t$  = Federal excise tax exemption for biodiesel from yellow grease in year  $t$  (nominal \$/gal)

$MC\_JPGDP_t$  = GDP chained price index in year  $t$  (1987=1)

42 = Number of gallons per barrel

## J. 4 Inventory of Variables, Data, and Parameters

**MODEL INPUT:**  $CAPBDSL$

**DEFINITION:** Capital cost of biodiesel plants.  
A new biodiesel plant costs \$0.77 per gallon per year of capacity (1987 \$), discounted at 9.2 percent over 20 years. Located in spreadsheet NEMSbiodieselsupplycurve.xls.

**SOURCE:** National Renewable Energy Laboratory estimate

**MODEL INPUT:**  $OPBDSL$

**DEFINITION:** Operating cost of biodiesel plants, including energy. Value is \$0.308 per gallon (1987 \$).

**SOURCE:**

R. Teall, Study to Evaluate the Feasibility of Biodiesel Production Facilities in Nevada & California Utilizing Grease Trap & Waste Cooking Oils as Feedstocks (Las Vegas, NV: Biodiesel Industries, March 19, 2002), Appendix #3—Feasibility Study, pp. 38-42, web site [www.westbioenergy.org/reports/55034/55034fin.pdf](http://www.westbioenergy.org/reports/55034/55034fin.pdf)

**MODEL INPUT:**  $GLYCVAL_t$

**DEFINITION:** Value of glycerin byproduct per gallon of biodiesel produced in year  $t$ . Value is \$0.11 per gallon (1987 \$)

**SOURCE:**

R. Teall, Study to Evaluate the Feasibility of Biodiesel Production Facilities in Nevada & California Utilizing Grease Trap & Waste Cooking Oils as Feedstocks (Las Vegas, NV: Biodiesel Industries, March 19, 2002), Appendix #3—Feasibility Study, pp. 38-42, web site [www.westbioenergy.org/reports/55034/55034fin.pdf](http://www.westbioenergy.org/reports/55034/55034fin.pdf))

**MODEL INPUT:**  $FEDSUBV_t$

**DEFINITION:** Value of Federal tax incentive for virgin oil (e.g. soybean oil) biodiesel in year  $t$ .  
Value is \$1.00 per gallon (nominal \$) through 2008 and zero thereafter.  
Located in the RFRENEW data input file.

**MODEL INPUT:**  $FEDSUBNV_t$

**DEFINITION:** Value of Federal tax incentive for non-virgin oil (e.g. yellow grease) biodiesel in year  $t$ .  
Value is 50 cents per gallon (nominal cents) through 2008 and zero thereafter. Located in the RFRENEW data input file.

**MODEL INPUT:**  $MC\_JPGDP_t$

**DEFINITION:** GDP chained price index in year  $t$ . 1987=1.

**SOURCE:** Generated by the Macroeconomic Model. Located in Macroeconomic common block MACOUT