

AEO2017 Industrial Working Group meeting 1: preview of updates



Industrial Working Group

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Preliminary Results. Do not Disseminate.

Macro-Industrial Working Group has split in two!

- Macro working group had meeting July 28; materials available on <http://www.eia.gov/forecasts/aeo/workinggroup/macroindustrial/>
- Industrial working group will have two meetings this year
 - Second date: September 22, 2016: 1:30-3:00 in 2E-081 or by webex

Preliminary Results: Do Not Disseminate.

AEO2017 will be a light AEO – few model improvements

- Extend model to 2050 (defaulted for IDM)
- Cleanup and added features on technology choice models (defaulted, tweaks needed)
- Individual industry benchmark improvements (waiting for default)
- Usual updates
 - Macro, history & benchmarking
 - Laws and regulations unchanged since AEO2016
- Limited side cases: high/low macro and high/low oil price

Preliminary Results. Do Not Disseminate.

Technology choice industry cleanup & added features

- Apply lessons learned in iron & steel and paper to cement & lime, aluminum, and glass
 - MECS benchmarking
 - Dynamic regional representation
 - Generic code for common steps, aiding maintenance & succession
- Allow more direct control over technologies through an obsolescence parameter
 - Will stop adding technologies after obsolescence year is set
 - Can use to force more continuous processing, more electric arc furnaces
- Cool input and output files!

Preliminary Results. Do Not Disseminate.

Technology choice cleanup: direct reduced iron (DRI)

- Need to make some changes from AEO2016
 - We were too optimistic on the amount of DRI output
 - We were too pessimistic about the percentage of DRI input an electric arc furnace (EAF) can use
- Changes straightforward
 - Lower DRI in near term to reflect output of Nucor and voestalpine plants in 2016
 - Increase percentage of DRI that EAFs can use from 5% to ~50%
 - No longer require that at least 50% of DRI output needs to be used in basic oxygen furnaces (BOF) – will drop that to 5% or less
 - DRI additions will be exogenous and discontinuous, but timing can be altered easily
 - What kind of scrap market modeling is necessary to make DRI additions endogenous?

Preliminary Results. Do Not Disseminate.

Updates & Benchmarking

- Macro update
- Improvements in Individual industry benchmarking
- As always, bench to regions (SEDS), history (Monthly Energy Review) and short term energy (STEO)

Preliminary Results. Do Not Disseminate.

Industrial meeting materials will be posted in about a month; macro is already posted.

Link:

<http://www.eia.gov/forecasts/aeo/workinggroup/macroindustrial/>

Thank you for your attention!

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