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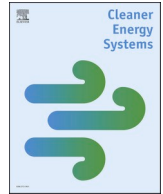
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Assessing the impacts of low-carbon intensity hydrogen integration in oil refineries

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ABSTRACT

This paper evaluates the potential impacts of introducing low-carbon intensity hydrogen technologies in two oil refineries with different complexity levels, emphasizing the role of hydrogen production in reducing CO₂ emissions. The novelty of this work lies in three key aspects: Comprehensive system analysis of refinery complexity using real site data, integration of low-carbon Hydrogen technologies, long-term and short-term strategies. Two Colombian refineries serve as case studies, with technological solutions adapted to their complexity levels. The methodology involves evaluating different options for hydrogen production, accounting for improvement in technological efficiency over time.

The refinery systems were evaluated in a cost-optimization model built in Linny-r. Three different scenarios were considered, Business-As-Usual (BAU), high, and low-ambitions decarbonization scenarios, focusing on the time horizons of 2030 and 2050.

When comparing the two case studies, the preferred decarbonization strategy for both facilities involves the substitution of SMR technology with water electrolyzers powered by renewable electricity. Post-2030, biomass-based hydrogen technology is still a costly alternative; however, to achieve CO₂ neutrality, negative emissions storage of biogenic CO₂ emerges as an achievable alternative.

Our results indicate the achievability of CO₂ reduction objectives in both refineries. Our results show that achieving long-term CO₂ neutrality requires both refineries to increase renewable electricity production by 5 to 6 times for powering water electrolyzers, steam production by 2 to 2.5 times for CO₂ capture, and supply of dry biomass by 2.6 to 4.5 kt/d.

The two most significant factors influencing the refining net margin in the decarbonization scenarios are primarily the CO₂ and the renewable electricity prices. The short-term horizon emerges as the pivotal period, particularly within the high-ambition decarbonization scenarios. In this context, the medium complexity refinery demonstrates economic viability until a CO₂ price of 140 €/t CO₂, while the high complexity refinery endures up to 205 €/t CO₂.

The high complexity refinery is better prepared to face the challenges of decarbonization and the impacts generated on the refining margin. Compared to the BAU scenario, the high complexity refinery shows a negative impact on the net margin that corresponds to a 40 % and 5 % reduction in the short and long term, respectively. Meanwhile, for the medium complexity refinery, the impact on net margin amounts to a 52 % reduction in the short term and a 27 % improvement in the long term.

Furthermore, our research highlights the significant potential for reducing CO₂ emissions by fully eliminating the use of refinery gas as fuel, providing alternative applications for it beyond combustion.

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Nomenclature

Abbreviations

BAU	Business As Usual	LR	Learning Rate
BPD	Barrels per day	MC	Medium complexity refinery
bbl	Barrels of crude oil	MILP	Mixed Integer Linear Programming
Capex	Capital expenditure	Mt	Megatonne (1000,000 t)
CC	Carbon capture	NCI	Nelson complexity index
CCS	Carbon capture and storage	NET	Negative Emissions Technology
CCUS	Carbon capture, utilization and storage	NG	Natural Gas
CO ₂ eq	Carbon dioxide equivalent	NPV	Net present value
COP	Colombian pesos (\$)	NZE	Net Zero Emissions
Ecopetrol	Empresa Colombiana de Petroleos	Opex	Operating expenditure
EOR	Enhanced oil recovery	O&G	Oil and gas
EU	European Union	O&M	Operations and Maintenance
FCC	Fluid catalytic cracking	PEM	Proton exchange membrane
GDR	Ecopetrol. Refining development management (Gerencia de desarrollo de refinacion)	PV	Photovoltaic
GG&BE	Ecopetrol. Gas and low emissions management (Gerencia de gas y bajas emisiones).	REN	Renewable energy
GHG	Greenhouse gas	RIS	Refinery information system
GWP	Global warming potential	RWGS	Reverse water gas shift
HC	High complexity refinery	SCFD	Standard cubic feet of gas per day
HDT	Hydrotreating	SMR	Steam methane reformer
HCU	Hydrocracking	Syngas	Synthetic gas
ICP	Instituto Colombiano del Petroleo	Tonne	1000kg is a metric tonne (t)
LCOE	Levelized cost of electricity	TNO	Netherlands Organization for Applied Scientific Research
LCOH	Levelized cost of hydrogen	TRL	Technology readiness level
LHV	Low heating value	USD	United States Dollar (\$)

Symbols

€	Euros (\$)
MWhe	Electric Mega Watt per hour
PJt	Petajoule thermal (1×10^{15} J)
Kg	Kilogram
MBTUD	Mega BTU per day. 1×10^6 BTU
MSCFD	Million standard cubic feet of gas per day. 1×10^6 SCFD

1. Introduction

Climate Change impacts involve many risks to human beings and all other forms of life on Earth. These impacts include hotter temperatures, more severe storms, increased drought, warming and rising oceans, loss of species, not enough food, more health risks, poverty, and displacement. (United Nations, 2024).

In the 2015 Paris Agreement, signatory countries recognize that adaptation is a global challenge, and commit to contributing to the long-term global response to climate change. This effort aims to protect people, livelihoods, and ecosystems, with particular consideration given to the urgent and immediate needs of developing countries (United Nations, 2015)

Colombia faces vulnerability in the context of climate change; to

illustrate, in 2010, Colombia faced economic losses equivalent to around 2.2 % of the Gross Domestic Product (GDP) attributable to an unusually severe La Niña event. Additionally, in 2015 and 2016, Colombia dealt with an intense drought, an extended El Niño phenomenon, particularly affecting municipalities vulnerable to water shortages; as well the power generation sector has been affected, influencing the power generation of hydroelectric plants, which contribute significantly to the national electricity production, attributed to the low water levels in the reservoirs (Ministerio de Ambiente y Desarrollo Sostenible, 2016). Furthermore, public health issues have arisen due to an increase in vector-borne diseases such as dengue and Zika. In late 2015, Colombia pledged to the international community to implement specific adaptation measures, including ensuring that 100 % of the national territory is equipped with climate change adaptation plans.

Colombia makes up 0.5 % of worldwide emissions; although this percentage is modest, forecasts suggest a potential 50 % increase in emissions by 2030 if preventative measures are not implemented (Ministerio de Ambiente y Desarrollo Sostenible, 2016). Consequently, Colombia has committed to reducing its GHG emissions by 20–30 % by 2030 and achieving net-zero emissions by 2050 (Ministerio de Ambiente y Desarrollo Sostenible, 2016). In 2018, Ecopetrol, a state-owned oil and gas company, was responsible for approximately 4 % of the total GHG emissions in Colombia (11.5 Mt CO₂ eq) (IDEAM et al., 2022) and. It committed to reducing its scopes 1 and 2 GHG emissions to 75 % of the level emitted in 2019 by 2030. In addition, the long-term strategy of Ecopetrol aims at achieving net-zero carbon emissions for scopes 1 and 2 by 2050, with a 50 % reduction in total emissions (scopes 1, 2, and 3) in the same year. (Ecopetrol, 2022). There are two Ecopetrol Colombian oil refineries, one located in the middle of the country (Barrancabermeja), with a medium level of process complexity, and the second in the Caribbean coast area (Cartagena), with a high level of process complexity. In the year 2019, the oil refineries were responsible for 55 % of the company's GHG emissions under scopes 1 and 2, with the refineries contributing 98 % of those emissions (Canova, 2021). Fig. 1 shows a breakdown of the sources of CO₂ eq emissions for oil refineries. (Ecopetrol, 2021). Noticeably, the Hydrogen production process exhibits the biggest contrast in the CO₂ emissions.

The complexity of a refinery serves as a measure of its sophistication and capital intensity, with broad applications in facility classification, cost estimation, sales price models, and various other applications; for example, correlations that could be used in other fields of knowledge such as options for decarbonization. The best-known list of complexity factors was defined by Nelson in 1960 and published in the Oil & Gas Journal (OGJ), with some later updates in 1998 (Kaiser, 2017). The Nelson Complexity Index for refinery operations is defined as a quantitative measure of how much high-value conversion capacity a refinery has installed relative to its distillation capacity, in other words, it quantifies the type of process units in a refinery and their capacity relative to atmospheric distillation unit, by assigning a factor (Kaiser, 2017). The level of complexity in refineries is not directly correlated with energy efficiency. Solomon¹ introduced the Energy Intensity Index® (EII), which assesses the actual energy consumption of a refinery in comparison to the "standard" energy consumption for a refinery of similar size and configuration. Consequently, a refinery with low complexity may be more energy-efficient than a high complexity one, and vice versa, because the comparison is made with peers having the same configuration (Law Insider, 2023). However, it is well recognized from Solomon's studies (Lei et al., 2021) that high complexity refineries typically display a higher CO₂ emission intensity index (t CO₂/t crude oil distillation). In the Colombian case, the high complexity Colombian refinery produces 0.33 t CO₂/t crude oil distillation, while the medium complexity configuration produces 0.30 t CO₂/t crude oil distillation

¹ Solomon Associates (Solomon) is a consulting and benchmarking services company across the energy industry.

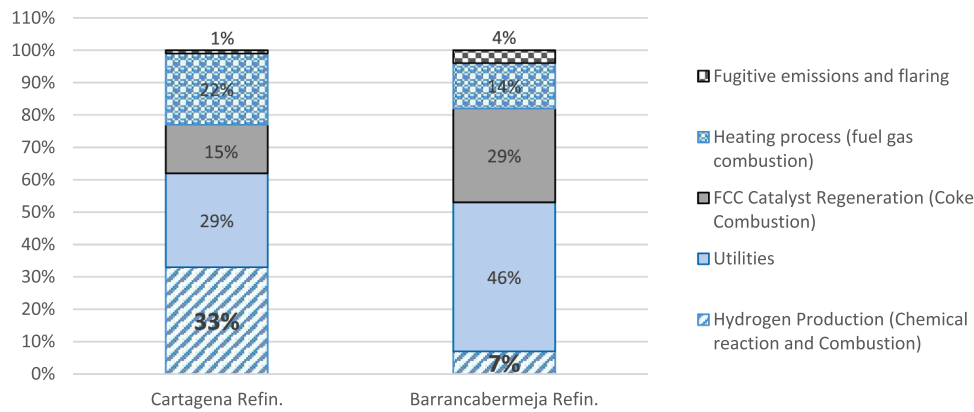


Fig. 1. Refinery CO₂ eq emissions allocation by origin. Source: (Ecopetrol, 2021).

(RIS Ecopetrol, 2021).

Studies have underscored the differences in various indicators among refineries of different complexity levels. For instance, a TNO study revealed that Dutch refineries in the Port of Rotterdam, categorized as high complexity, exhibit a hydrogen consumption ratio ranging from 8 to 10.9 kt H₂/ Mt crude oil, compared to 2.6 to 4.1 kt H₂/ Mt crude oil for medium complexity refineries (Oliveira and Schure, 2020). In the Colombian context, the high complexity refinery utilizes 10 kt H₂/ Mt crude oil, while the medium complexity configuration consumes 2.9 kt H₂/ Mt crude oil (RIS Ecopetrol, 2021). Additional research, including Castelo Branco et al. (2010), demonstrated that higher complexity levels lead to an 89 % increase in hydrogen demand and subsequently higher CO₂ emissions due to hydrogen production from natural gas SMR process. Brau et al. (2014) explored the potential of biomass-based hydrogen production as a substitute for SMR units, suggesting it is an effective strategy for reducing CO₂ emissions and integral to broader decarbonization efforts.

These results support the need for holistic assessments of possible hydrogen pathways for the refinery sector. However, there is a lack of understanding of 1) the potential impacts on the refinery performance (e.g., product yields and efficiency), under different scenarios (e.g., feedstock, utilities, and product prices) when considering the introduction of different low carbon hydrogen technologies, and 2) the role of the complexity level of an oil refinery in decarbonization strategies, leading to uncertainties regarding technology priorities and scale. To address these knowledge gaps, this paper answers the following research question: *What are the potential impacts of introducing low-carbon intensity hydrogen production in oil refineries with varying levels of refinery complexity, in both the short and long term?*

The novelty of this work lies in three key aspects:

Comprehensive System Analysis of Refinery Complexity: The study uniquely assesses the impact of different complexity levels of oil refineries on decarbonization outcomes, by comparing medium and high complexity refineries in Colombia, is one of the first works using real-site data. The research highlights how the level of complexity influences the effectiveness and economic viability of decarbonization strategies.

Integration of Low-Carbon Hydrogen Technologies: The study provides a novel technical and economic optimization model for integrating low-carbon hydrogen technologies into refinery operations. It offers a detailed analysis of how hydrogen, traditionally used for desulfurization, can be repurposed as a low-carbon fuel source, leading to significant CO₂ reductions.

Long-Term and Short-Term Strategies: The research differentiates between short-term and long-term decarbonization strategies, identifying the most cost-effective methods for hydrogen production and the pivotal role of CO₂ and renewable electricity prices. The study emphasizes the importance of the short-term horizon for the economic viability

of decarbonization efforts, particularly under high-ambition scenarios.

2. Case study

This study focuses on a case study based on two Colombian oil refineries. The main characteristics of the refineries are shown in Table 1.

An opportunity for decarbonizing the refineries is the use of hydrogen with a lower carbon footprint both as a feedstock and as a fuel. Currently, the use of hydrogen differs between the refineries. It is noticeable that in the high complexity refinery, hydrogen production contributes 33 % of the emissions, whereas, in the medium complexity refinery, hydrogen corresponds to 7 % of the total CO₂ emissions; therefore, the impacts of introducing low-carbon hydrogen are most likely to differ between refinery level of complexity.

3. Method

This study comprised five stages (see Fig. 2). First, the demand for

Table 1

Main characteristics of the refineries case study. Source: Ecopetrol 2022.

Parameter	Unit	Cartagena Value	Barrancabermeja Value
Crude oil processing capacity	Mt/year	11.5 (230 kBPD) ¹	12 (240 kBPD)
Complexity level (NCI)		10.1	6.1
Conversion rate §	%	96.7	76.7
Gas fuel consumption	PJ/year	22.6	40.3
Electricity production	PJe/year	3.2	2.9
Steam production	PJth/year	3.5	29.7*
Hydrogen production	kt/year	115	35.2
Hydrotreatment and hydrocracking process capacity.	Mt/year	5.6	5.5
H ₂ consumption ratio	kt H ₂ / Mt	15	5.1
Hydrotreatment and Hydrocracking process feedstock.	kt H ₂ / Mt crude oil	10	2.9
CO ₂ emission by H ₂ production process	kt CO ₂ eq/year	830	230
Total annual CO ₂ emissions	kt CO ₂ eq/year	2500	3100

§ The term "conversion rate" typically refers to the efficiency with which crude oil is transformed into higher-value products through various refining processes. The conversion rate is a key performance indicator that reflects the refinery's ability to upgrade lower-value crude oil into more valuable products such as gasoline, diesel, jet fuel, and other refined products. (Kaiser, 2017). * 13 PJt/y to refining process, 10.1 PJt/y to power gen and 6.6 PJt/y supporting activities.

¹ 7.7 Mt/year (155 kBPD) until 3Q-2022.

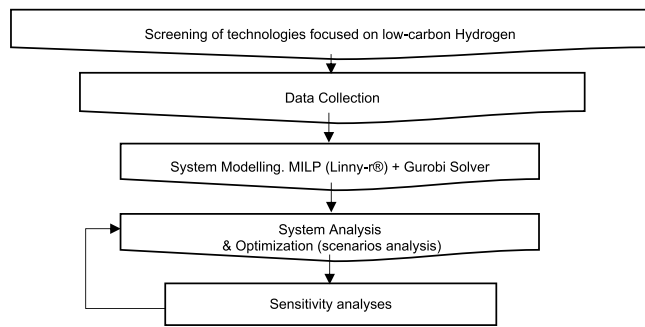


Fig. 2. Diagram of method. Visualization of information flow.

low-carbon hydrogen was assessed, and technologies were selected. The data was collected, followed by modelling, system analysis and optimization, and finally, a sensitivity analysis.

3.1. Technologies selection

Since Colombia does not have a low-carbon hydrogen definition, this study adopts the emissions threshold of the EU Hydrogen Strategy, 2.26 tCO₂ eq/t H₂. (i.e., 25 % SMR carbon footprint), which can be achieved by renewable electricity with water-electrolysis, via biomass gasification, or via coupling CCS to fossil fuel reforming or gasification.

The potential technologies were classified into two time periods of implementation, short-term (by 2030) and long-term (by 2050). The short-term period includes technologies with a technology readiness level (TRL) higher than 8; the long-term period includes technologies currently at a TRL of 3 or higher. This evaluation considered technological, environmental, economic, and deployment criteria, which were defined through a literature review. A survey was then undertaken to gain insights into the relative significance of these criteria for selecting hydrogen production technologies, by consulting experts and stakeholders in the field, including one from academia, one from a Dutch research institute (TNO), two from Colombian research institutes (Instituto Colombiano del Petróleo), and three professionals from the oil refining industry. The surveys are available in the supplementary data repository. The result of the screening process is shown in Table 2. It contains 9 technology options to produce hydrogen, 4 of which can be deployed in the short term and 5 in the long term.

Out of the initial pool of 9 technologies, 4 were finally chosen for this study, including the utilization of non-fossil fuel feedstock (hydrocarbon), innovative commercial approaches, and the integration of existing SMR with CC as a retrofit scenario. The results are presented in Table 3 and will be included in the process model for the system analysis. A readiness timeline for low-carbon technologies was defined based on the outcomes of stages 1 and 2 of the methodology. This timeline serves as input for the Linny-R tool used for further system analysis and optimization.

Note that the carbon capture option evaluated is post-combustion capture, using an amine-based solvent (MEA and AdipX), with a capture efficiency of 90–95 % and heat regeneration consumption in the range of 1.97–2.7 GJ/t (Meerman et al., 2012). The concentrated CO₂ stream resulting from the CO₂ capture process (CO₂ >95 % wt wet basis) is delivered with moisture content (water) and at a total pressure between 1 and 2 barg. Further, compression and dehydration processes are out of this scope because the system of evaluation is limited by the refinery boundaries and multiple alternatives of downstream process of CO₂ capture need to be evaluated deeper in further papers.

3.2. Data collection

Data for the case studies included confidential information about the on-site refinery processes (e.g., yields, mass and energy balance,

operational cost) provided by Ecopetrol. This is supplemented by scientific and industrial publications and expert interviews. The mass, energy, and emissions balances were estimated for the annual operation of each process unit under typical conditions. The raw data (e.g., fuel consumption per hour per equipment) used in this study are confidential; therefore, values were aggregated at the block process level (e.g., fuel consumption per year in a process).

3.3. System modeling

A system model was developed to represent the interactions among the technologies being assessed and the pre-existing oil refinery infrastructure. This model spans the timeframe from 2020 to 2050, using a 5-year time step. The model is guided by an optimization objective function aimed at maximizing the total cash flow during each iteration.

Two case studies were modeled using Linny-r® mixed-integer linear programming (MILP software), where the refinery system can be represented by a block diagram. Each block corresponds to a process and the connections represent an energy or mass stream with an associated cost contribution. Linny-r was developed at the Delft University of Technology by Pieter Bots and last updated in July 2023 (v1.9.3) (Bots, 2023).

3.3.1. Process model

In this section, we briefly present the conceptual model and the Linny-r model. The model contains 75 block processes grouped into 8 process clusters.

The main layer is the site layer whose central components are the utility, oil refining, and low-carbon H₂. The utility cluster is based on a natural gas combined cycle cogenerating heat and power. In the oil refining cluster, The high complexity refinery possesses 15 industrial processes, and the medium complexity configuration has 9 industrial processes. Finally, the low-carbon H₂ cluster contains the low-carbon hydrogen technologies used in the model.

Fig. 3 shows an overview of the conceptual model.

Fig. 4 shows a representation of the site layer in Linny-r. The layers of the model, symbology, and interpretation, are explained in more detail in Appendix C. All feedstocks/products are connected to a process through a linear function. The water electrolyzers were modeled in units of 25, 35, and 100 t H₂/d, biomass-based electricity in units of 60 MW, and biomass-based H₂ via gasification in modules of 60 t H₂/d. Additionally, the balances in the model are calculated on a daily basis (i.e., tons per day, GJ per day, barrels per day)

3.4. System analysis and optimization

The capacity of utilities and refining processes represent the actual capacity of both oil refineries. Fuel production capacity (e.g. gasoline, diesel, and jet fuel) is defined according to the Ecopetrol long-term production scheduling strategy. Colombian electricity grid connection to the refineries is 70 MW capacity (Available from 2025), 85 €/ MWh (XM, 2020), and a carbon footprint of 186 kg CO₂ / MWh (73 % hydro, 14 % natural gas, and 13 % coal, according to (UPME) (2019)). Finally, technologies that involve biomass as feedstock consider only tree species available in Colombia, with Eucalyptus camaldulensis pellets chosen because this species had the highest yield in the areas adjacent to the refinery locations. (Díaz F and Molano M., 2001). Note that no limit was placed on the availability of biomass, water, CO₂ transport/storage capacity, and external renewable electricity generation/transportation capacity.

The refineries' system models were verified through the replication of the 2019 material and energy balance, with the model results varying less than 5 % from real-world data. The online repository contains both of the Linny-r models. The models are composed of 190 variables for the high complexity refinery, 178 for the medium complexity refinery model, and 166 and 151 process boundaries (limits of capacity) for the

Table 2
Screened low-carbon hydrogen technologies.

Name	Technology	Production sub-method	Feedstock	Horizon
SMR+CC	Thermochemical	Steam Reforming	Hydrocarbon-Natural Gas	Short term
Naphtha Reforming + CC	Thermochemical	Steam Reforming	Hydrocarbon-Low grade Naphtha	Short term
Ren Elec+Electrolyzer	Electrolysis	PEM electrolysis	Water + Ren. electricity	Short term
Biomass Elec+ CC + Electrolyzer	Electrolysis	PEM electrolysis	Water + Biomass EP	Short term
Biomass gasification+CC	Thermochemical	Gasification	Biomass EP	Long term
Petcoque gasification+CC	Thermochemical	Gasification	Hydrocarbon-Petcoque	Long term
Heavy residue fuel+CC	Thermochemical	Gasification	Hydrocarbon-Heavy residue fuel	Long term
Methane pyrolysis+CC	Thermochemical	Pyrolysis	Hydrocarbon-Natural Gas/ Biomethane	Long term
Autothermal Reforming+CC	Thermochemical	Autothermal Reforming	Hydrocarbon	Long term

EP: Eucalyptus camaldulensis pellets were chosen because this species yields more in the areas adjacent to the refinery location. Based on Díaz F & Molano M. (2001).

Table 3
Selected low-carbon hydrogen technologies for system analysis.

Name	Feedstock	Horizon	Operational Year
SMR+CCS	Hydrocarbon-Natural Gas	Short term	2025–2027
Renewable Electricity (Photovoltaic + wind)+ Electrolyzer	Water, Renew. Electricity	Short term	2025–2030
Electricity from biomass+CCS + Electrolyzer	Water, Eucalyptus camaldulensis pellets	Short term	2025–2030
Biomass gasification+CCS	Eucalyptus camaldulensis pellets	Long term	2035–2040

SMR: Steam Methane Reforming, CCS: CO₂ capture and storage.

taxes/penalties.

The fixed operational costs (fixed opex) are defined as a percentage of annual investment cost, while the variable part is calculated in Linnyr based on the consumption of utilities, energy, and materials. Equipment capital costs were obtained from literature and adapted to the capacity of the case study using the exponent method as follow:

$$\frac{\text{Cost A}}{\text{Cost B}} = \left(\frac{\text{Scale A}}{\text{Scale B}} \right)^{0.67}, \quad (2)$$

where 0.67 is the average scaling factor based on Berghout et al. (2019) Annualized capex was calculated as

$$\text{Annualized investment cost} = \frac{(\text{Capex} * r)}{(1 - (1 + r)^{-Lt})}, \quad (3)$$

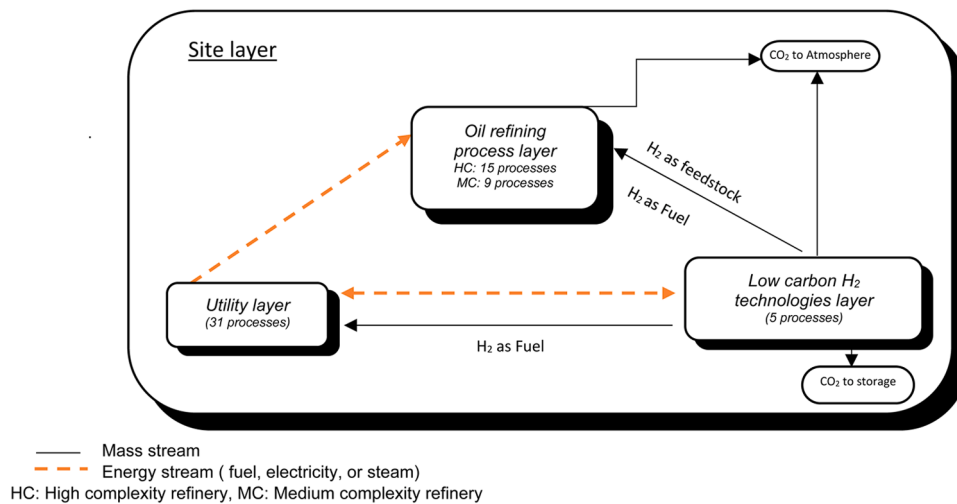


Fig. 3. Overview of the conceptual model.

high and medium complexity refinery, respectively

3.4.1. Optimization

The model performs single objective optimization aiming to achieve the largest total cash flow through the minimization of the lowest total cost. To minimize the total cost, the model employs as follows:

$$\text{Objective function} = \min OC = \sum_{p=1}^n [C_o - C_i]p, \quad (1)$$

where OC is overall cost [€], Co is cost output [€], Ci is cost input [€], and p is process.

Cost input considers the cost of raw material, feedstocks, utilities, and capex/ opex of new technologies; and the cost output category is classified as the income associated with selling products and payment of

where r is the discount rate [%] (12 % for Ecopetrol projects (Yáñez et al., 2018))²; Lt is Lifetime [years]. See values for different technologies in Appendix B.

Cost for equipment were updated to 2022 euros using the Chemical Engineering Plant Cost Index, and a currency conversion rate for the year 2022. Prices associated with feedstocks, products, and production capacities are set according to the context of the Colombian economic

² Ecopetrol S.A. is a mixed capital company with national state interest and participates in the stock market. From a social perspective assessment normally lower values from 6 % to 8 % are used Laitner et al., (2003) or even lower Kesicki and Strachan, (2011). On the other hand, Industrial and commercial projects could use higher values in a frame from 20 % to 50 %. DeCanio, (1993); Jaffe and Stavins, (1994).

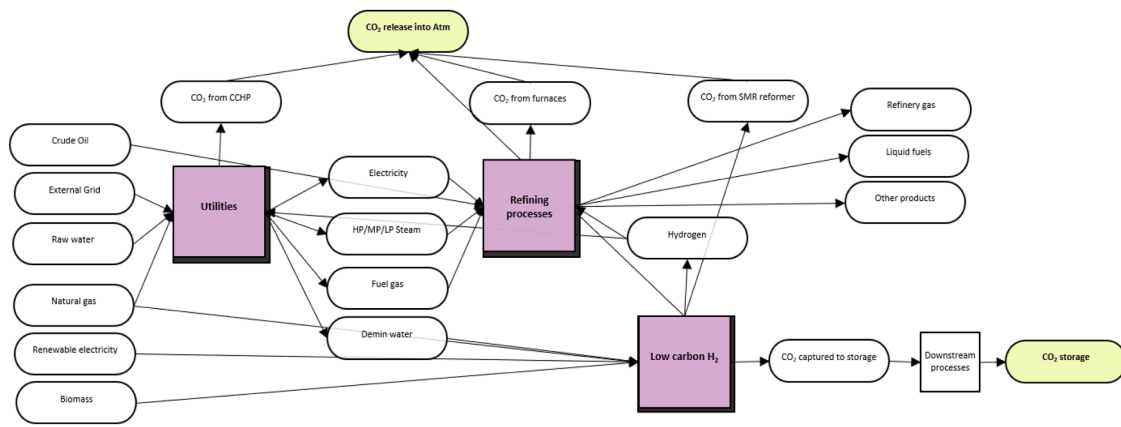


Fig. 4. Site layer in Linny-r block diagram (Main layer). Each square could contain multiple clusters and/or process.

scenario.

3.4.2. Scenarios

We analyzed the model's results for three different scenarios, Business-As-Usual (BAU), and scenarios of high and low decarbonization. Each scenario varies parameters about techno-economic performance, exogenous parameters such as feedstock and product price market, and decarbonization targets.

3.4.2.1. Business as usual (BAU). This scenario represents a "business as usual" world in which no additional efforts are taken to stabilize the atmospheric concentration of greenhouse gases. This scenario uses the refineries' production plan issued in 2022, using the existing facilities and an incremental capacity in the short and long horizon. The baseline point for CO₂ emissions was the 2019 CO₂ emission levels (scope 1&2). This scenario *neither considers any decarbonization through low-carbon hydrogen production technologies nor any CO₂ emissions reduction targets*. This scenario is used as a basis for comparison with the low and high scenarios of decarbonization.

Existing facilities include the hydrogen production system via SMR, with PSA (Pressure Swing Adsorption) purification, to obtain 238 t/d (2679,113 Nm³/day) for Cartagena (high complexity) and 95 t/d (1419,930 Nm³/day) for Barrancabermeja (medium complexity) of 99.9 % pure hydrogen. This hydrogen is used in the hydrotreatment process to remove sulfur from the liquid fuels. There are some assumptions in this scenario. First, the processing capacity of the Cartagena refinery will be expanded from 155 kbbl to 235 kbbl in the period between 2020 and 2025 according to existing plans. Additionally, to be able to use the maximum capacity for both oil refineries, there is a plan to expand the H₂ production capacity in the medium term. In the short term, there is a project to interconnect the refineries to the Colombian electric grid through a 70 MW line to reduce their carbon footprint. The Colombian electrical grid has a lower carbon footprint compared with the auto-generated electricity generated at the refineries through natural gas power combined cycles because 70 % approximately of Colombian electricity is hydropower. Additionally, as a consequence of the increase in energy efficiency initiatives, there is a goal to achieve the best performance in the peer group (North and South America) in 2035. Thus, the Cartagena refinery will reduce 11 % of energy consumption and Barrancebermeja will reduce 9 % of total energy consumption (Solomon studies, 2018), in the short and medium term horizon. The BAU scenario considers that in 2040, existing SMR units ending their economic lifetime and needing major overhaul investment (normally, every 4 years, units need to replace the catalyst and some preventive and corrective maintenance activities). The major overhaul considers spending 60 % of the original capex; furthermore, the fixed opex cost increases from 3 % to 5 %.

Another important input is the price of natural gas, which varies over time. The forecast series of natural gas prices in the BAU scenario is presented in Table 4.

3.4.2.2. Decarbonization scenarios. These scenarios reflect a portfolio of clean energy technologies, with decisions about technology deployment driven by costs, technology maturity, market conditions, available infrastructure, and policy preferences (IEA, 2023). The low ambition decarbonization scenario (LADS) is aligned with the state policies scenario defined in the IEA report 2023. Additionally, this scenario uses a lower learning rate for renewable technologies reflecting slower deployment of capacity over time.

In the high-ambition decarbonization scenario (HADS) scenario the world moves towards decarbonization by significantly reducing fossil fuel use, fewer incentives to explore and produce natural gas, and promoting the adoption of Renewable energy sources (IEA, 2023). It is aligned with the Net Zero Emissions by 2050 Scenario (NZE Scenario) defined in the IEA report 2023. Additionally, this scenario uses a higher learning rate for H₂ and electricity from renewable sources. The parameters that defined each decarbonization scenario are summarized in Table 5.

3.5. Sensitivity analyses

Finally, we use the net margin³ (€/bbl) as the metric to evaluate the impacts on the refinery performance, as it is calculated from the total cash flow which is the objective function of the optimization mode. The sensitivity analyses were conducted by modifying ± 50 % of the value of some key parameters defined for the high ambition decarbonization scenario. Using the variables that defined the scenarios of decarbonization, we chose the CO₂ price market, renewable electricity price,

Table 4
Natural gas prices forecast. Source: Ecopetrol (2021).

Natural gas price Horizon	High complexity refinery €/GJ	Medium complexity refinery €/GJ
2020	4.52	5.02
2025	5.43	6.63
2030	6.63	7.34
2035	6.93	8.24
2040	7.13	9.14
2045	7.34	9.55
2050	7.54	10.05

³ Total net cash flow divided by oil processing throughput.

Table 5

Parameters considered in the decarbonization scenarios.

Variables	BAU Value	Low ambition Value	High ambition Value	Source
H ₂ Demand.	H ₂ as feedstock	H ₂ as feedstock & H ₂ as fuel	H ₂ as feedstock & H ₂ as fuel	
Policy. CO ₂ emissions target (Scope 1&2).	BL (2019)	90 % BL (2030) / 50 % BL (2050)	75 % BL (2030) / Carbon Neutral (2050)	Based on Ecopetrol Goals.
CO ₂ price market. €/t	0	13–21–29 / (2030–2040–2050)	90–160–200 / (2030–2040–2050)	IEA Report (IEA, 2023).
Natural gas price. €/GJ	Data series (see table 3)	BAU+50 %	BAU +100 %	Based on UPME report 2017 (Unidad de Planeación Minero Energética (UPME), 2020).
SMR CAPEX		2 % LR ^a	2 % LR	Based on Ioannis Tsiropoulos et al. (2018)
Renewable electricity price (generation). €/MW	50 (onshore wind) 68 (PV w/o tracker)	PV LR (10 %) Wind LR (2 %)	PV LR (23 %) Wind LR (10 %)	Based on Ioannis Tsiropoulos et al. (2018)
Electrolyzer efficiency.	Tech. not used	5 % improvement / every 5 years	15 % improvement / every 5 years	(Boston Consulting Group, 2021).1.5-
Electrolyzer CAPEX., €/kW	Tech. not used	1420–543–420 (2022–2030–2050)	1420–297–217 (2022–2030–2050)	IEA Report (IEA, 2023)
Biomass price ^b . €/GJ	63.7	Low yield +5 % (2030) +15 % (2050)	High yield +2 % (2030) +9 % (2050)	Based on Boston Consulting Group (2021) and (Sterling and Dtu, 2013)
Biomass power and heat. Subcritical	Tech. not used	2 % LR	7 % LR	(Ioannis Tsiropoulos et al., 2018)
Steam Turbine CAPEX				
Gasification CAPEX (gasifier)	Tech. not used	2.5 % LR	7.6 % LR	(Ioannis Tsiropoulos et al., 2018)
CO ₂ capture CAPEX	Tech. not used	5 % LR	30 % LR	(Ioannis Tsiropoulos et al., 2018)
CO ₂ dry, comp, transport & inj. CAPEX	Tech. not used	3 % LR	3 % LR	(Ioannis Tsiropoulos et al., 2018)

BL: Baseline. LR: Learning Rate. PV: Photovoltaic. €: 2022 euros.

^a It is a mature technology with a slight margin for improvement. ^b Dry and at the refinery gate.

electrolyzers capex, biomass price, biomass gasification capex, and natural gas price as variables for the sensitivity analysis based on their relevance based on the literature and the uncertainty of changing over time.

4. Results and discussion

4.1. Scenarios results

We split the results obtained from the scenarios into several tables by metrics to facilitate the comparison and the understanding of the reader.

Table 6

Low-carbon hydrogen technologies participation and hydrogen balance across BAU, Low, and High decarbonization scenarios.

High Complexity	2020	2030	2050	Medium Complexity	2020	2030	2050
Scenario: BAU							
<u>H₂ production processes</u>				<u>H₂ production processes</u>			
Electrolysis, t/d	0	0	0	Electrolysis, t/d	0	0	0
Biomass gasification, t/d	0	0	0	Biomass gasification, t/d	0	0	0
				As a byproduct of paraffin production, t/d	17	17	17
SMR, t/d	211	285	285	SMR, t/d	79	85	85
Nat. gas feedstock for SMR, TJd	28	38	38	Nat. gas feedstock for SMR, TJd			
Total Hydrogen demand, t/d	211	285	285	Total Hydrogen demand, t/d	96	102	102
As feedstock, t/d	211	285	285	As feedstock, t/d	96	102	102
As fuel, t/d	0	0	0	As fuel, t/d	0	0	0
Scenario: High decarbonization							
<u>H₂ production processes</u>				<u>H₂ production processes</u>			
Electrolysis, t/d	0	166	237	Electrolysis, t/d	0	78	282
Biomass gasification, t/d	0	0	180	Biomass gasification, t/d	0	0	0
				As a byproduct of paraffin production, t/d	17	17	17
SMR, t/d	211	119	0	SMR, t/d	79	7	0
Nat. gas feedstock for SMR, TJd	28	16	0	Nat. gas feedstock for SMR, TJd	11	1	0
Total Hydrogen demand, t/d	211	285	416	Total Hydrogen demand, t/d	96	102	300
As feedstock, t/d	211	285	285	As feedstock, t/d	96	102	102
As fuel, t/d	0	0	131	As fuel, t/d	0	0	198
Scenario: Low decarbonization							
<u>H₂ production processes</u>				<u>H₂ production processes</u>			
Electrolysis, t/d	0	47	0	Electrolysis, t/d	0	6	25
Biomass gasification, t/d	0	0	180	Biomass gasification, t/d	0	0	120
				As a byproduct of paraffin production, t/d	17	17	17
SMR, t/d	211	238	105	SMR, t/d	79	79	0
Nat. gas feedstock for SMR, TJd	28	32	14	Nat. gas feedstock for SMR, TJd	11	11	0
Total Hydrogen demand, t/d	211	285	285	Total Hydrogen demand, t/d	96	102	162
As feedstock, t/d	211	285	285	As feedstock, t/d	96	102	102
As fuel, t/d	0	0	0	As fuel, t/d	0	0	60

4.1.1. Low-carbon hydrogen production technologies

As seen in Table 6, the decarbonization scenarios show a significant shift towards alternative hydrogen production technologies (i.e., not based on natural gas or other fossil hydrocarbons as raw material), achieving a total replacement for both refineries by 2050 in the HADS. In the short term, the penetration of the alternative technologies of hydrogen is 58 % and 76 % for the high and medium complexity refineries, respectively. On the other hand, in the LADS, hydrogen production migrates slower to the alternative technologies, being 16 % and 6 % in the short term for the high and medium complexity refineries, respectively; however, in the long term, the high and medium complexity refineries respectively replace 63 % and 90 % of fossil H₂ production. Hydrogen production via biomass gasification emerges in both decarbonization scenarios as a significant option in the long term, contributing to up to 74 % of total hydrogen production in the MC refinery. Nevertheless, in real life, this production has to be supported by a well-structured supply chain of biomass to the gate of refineries. Additionally, switching gas fuel toward hydrogen in boilers and furnaces is required in the HADS long-term to achieve in both refineries the decarbonization goals.

The combination of chosen technologies in this study presents an opportunity to employ low-carbon intensity hydrogen as a viable decarbonization solution, demonstrating feasibility in a technological and economic assessment. In the short term, water PEM electrolysis presents an opportunity, due to its TRL, modular assembly, flexibility, and applicability in the industrial sector, as long as it can be enhanced to a significant industrial scale (i.e., 50–100 tH₂/d or 250–500 MW electrolyzer), powered by low-cost renewable electricity, and supported by a robust electrical infrastructure for sourcing, transmission, and distribution, thereby positioning it on par with technologies such as SMR + CCS in a scenario of high natural gas prices. See results in Table 7.

The results presented in Table 7 corroborate the findings reported by Glenk and Reichelstein (2019). They indicated values of 1.5–2.5 €/ kg for large-scale fossil fuel hydrogen supply (without CCS) in Germany and 1.8–2.9 €/ kg in Texas. Additionally, their projections for renewable hydrogen production by 2030 (via water electrolysis) were 2.0–2.4 €/ kg for Germany and 2.2–2.7 €/ kg for Texas.

4.1.2. Impacts on utility balance

As Table 8 shows, in the Business-As-Usual (BAU) scenario, the steam demand decreases to the range of 60–80 % in both refineries, as a consequence of substituting the electricity generated from a high pressure steam turbine with electricity obtained from the Colombian grid. Other utilities remain relatively constant, showing a slight downward trend primarily attributed to the implementation of energy efficiency initiatives described in Section 3.4.2.1. Nevertheless, the 26 % increase in the processing capacity at the Cartagena refinery in the short term, led to a corresponding 13 % rise in electricity demand.

Table 7
Comparison of hydrogen production costs evolution for high complexity refinery. High-ambition scenario.

Year	Nat Gas price, €/ GJ	SMR + CCS, €/ kg H ₂	REN electricity price, €/MWh	PEM electrolyzer, €/ kg H ₂
2030				
Input low prices	6.6	2.1	32	1.8
Input high prices	13.2	3.0	43	2.3
2050				
Input low prices	7.5	2.3	22	1.0
Input high prices	15.0	3.3	49	1.9

In the HADS, the external sourcing of natural gas for furnaces and boilers is eliminated and completely substituted with low-carbon hydrogen by 2050. However, refinery gas, a byproduct of the refining process, cannot be replaced without causing an overabundance, leading to the necessity of burning the excess in the flare. This process would fail to reduce CO₂ emissions.

The demand for electrical energy increases significantly in the short and long term, particularly electricity generated from renewable sources to power electrolyzers. In contrast, electricity generation from natural gas is minimized but is still used to provide reliability and support for the intermittent supply of photovoltaic and wind-generated electricity. In HADS, the demand for renewables in the high complexity refinery is 2.1 times higher than that in the medium complexity refinery in the short term, however, in the long term, the demand for renewable electricity is similar to the high complexity refinery demand, only 10 % higher than the medium complexity refinery. The short-term increase in renewable electricity demand, totaling 367 MW for HC and 171 MW for MC refineries, raises concerns about the adequacy of the electrical system's supply capacity (generation and transmission) by 2030. This supply becomes a limiting factor when compared to the most recent plan for the expansion of Colombia's electrical system, as outlined by UPME for the 2022–2036 period because it is not aligned with the demand projected in this study, creating a short-term bottleneck (Torres et al., 2021). On the other hand, in the long term, the medium complexity refinery demand of electricity generation from biomass with CCS is 5.7 times larger than the high complexity refinery. This increase is due to the need to compensate for the emissions produced by refinery gas still used as fuel in boilers and furnaces, which in the medium complexity refinery is 2.25 times higher than in the high complexity refinery.

In the high decarbonization scenario, the demand of high-pressure (HP) steam declines in the short term due to less demand for electricity generation in the power system; however, in the long term, the demand of HP steam rises for both electricity generation and the production of low-pressure steam (LP) used in the CO₂ capture process. The additional LP steam demand for high and medium complexity refineries is 4.8 and 4.4 kt/d, respectively; resulting in LP steam demand reaching up to 50 % of HP steam demand in the long term.

The highest water demand occurs in the HADS, due to hydrogen production via water electrolysis, with long-term demand increasing by 50 % and 38 % for the high and medium complexity refineries, respectively. This heightened demand may affect the reliability of the water supply, leading refineries to look for alternative sources, such as water table (e.g. groundwater wells) or desalinated seawater. These alternatives would need additional treatment to meet the quality standards set by electrolyzer manufacturers, consequently increasing electricity consumption and production costs associated with the additional treatment.

Biomass demand might potentially be met based on Colombia's large estimate in this area. For example, the region near both refineries could offer 100–200 PJ/year of biomass (Younis et al., 2021); however, a proposal received by Ecopetrol indicates a lower feasible amount of 620 t/d (11 TJd or 4 PJ/year) dry biomass at the refinery gate.

4.1.3. Oil processing throughput and total CO₂ emissions

It is notable (in Table 9) that both refineries can achieve all emission reduction targets in the short and long term in both scenarios of decarbonization, as long as the supply chain provides enough renewable electricity and biomass.

The high decarbonization scenario highlights the opportunity for a significant reduction in CO₂ emissions in both refineries when compared to the low decarbonization scenario. For the LADS, the high complexity refinery reduces its CO₂ emissions by 18 % in the short term and 46 % in the long term. Similarly, albeit to a lesser extent, in the medium complexity refinery, emissions are reduced by 16 % in the short term and 50 % in the long term.

Finally, biogenic CO₂ capture and storage plays a significant role in

Table 8
Impacts on Utility Balance across BAU, Low, and High Decarbonization Scenarios.

High Complexity	2020	2030	2050	Medium Complexity	2020	2030	2050
Scenario: BAU							
Natural gas (external source), TJd	16	15	14	Natural gas (external source), TJd	19	18	19
Refinery gas (internal source), TJd	26	28	28	Refinery gas (internal source), TJd	63	63	63
Total fuel gas demand, TJd	42	43	42	Total fuel gas demand, TJd	82	81	82
Natural Gas combustion turbine, MWh	44	26	25	Natural Gas combustion turbine, MWh	42	25	25
HP Steam turbine, MWh	53	15	17	HP Steam turbine, MWh	51	11	11
External grid, MWh	0	70	69	External grid, MWh	0	56	56
Renewables, MWh	0	0	0	Renewables, MWh	0	0	0
PV and wind electricity, MWh	0	0	0	PV and wind electricity, MWh	0	0	0
Biomass electricity, MWh	0	0	0	Biomass electricity, MWh	0	0	0
Total electricity demand, MWh	98	111	111	Total electricity demand, MWh	93	92	92
Total steam demand, kt/d	13	9	9	Total steam demand, kt/d	12	7	7
Raw water demand, kt/d	14	10	10	Raw water demand, kt/d	14	10	10
Scenario: High decarbonization							
Natural gas (external source), TJd	16	12	0	Natural gas (external source), TJd	19	20	0
Refinery gas (internal source), TJd	26	28	28	Refinery gas (internal source), TJd	63	63	63
Total fuel gas demand, TJd	42	40	28	Total fuel gas demand, TJd	82	83	63
Natural Gas combustion turbine, MWh	44	25	25	Natural Gas combustion turbine, MWh	42	0	0
HP Steam turbine, MWh	53	20	56	HP Steam turbine, MWh	51	26	35
External grid, MWh	0	65	70	External grid, MWh	0	70	70
Renewables, MWh	0	368	395	Renewables, MWh	0	171	471
PV and wind electricity, MWh	0	350	371	PV and wind electricity, MWh	0	129	338
Biomass electricity, MWh	0	18	24	Biomass electricity, MWh	0	42	133
Total electricity demand, MWh	98	478	546	Total electricity demand, MWh	93	267	576
HP steam for power gen, kt/d	8.1	5.1	10	HP steam for power gen, kt/d	7.6	5.3	6.5
Total steam demand, kt/d	13	10	18	Total steam demand, kt/d	12	10	16
LP steam demand for CC, kt/d	0	1.0	4.8	LP steam demand for CC, kt/d	0	1.4	4.4
Raw water demand, kt/d	14	14	21	Raw water demand, kt/d	14	13	18
Dry biomass demand, t/d	0	588	2606	Dry biomass demand, t/d	0	1431	4462
Dry biomass, TJd	0	11	48	Dry biomass, TJd	0	26	83
Land requirement, kha	0	19	86	Land requirement, kha	0	47	147
Scenario: Low decarbonization							
Natural gas (external source), TJd	16	34	16	Natural gas (external source), TJd	19	21	17
Refinery gas (internal source), TJd	26	28	28	Refinery gas (internal source), TJd	63	63	63
Total fuel gas demand, TJd	42	62	44	Total fuel gas demand, TJd	82	84	80
Natural Gas combustion turbine, MWh	44	56	25	Natural Gas combustion turbine, MWh	42	0	0
HP Steam turbine, MWh	53	55	55	HP Steam turbine, MWh	51	24	52
External grid, MWh	0	3	70	External grid, MWh	0	70	70
Renewables, MWh	0	116	0	Renewables, MWh	0	14	50
PV and wind electricity, MWh	0	96	0	PV and wind electricity, MWh	0	0	25
Biomass electricity, MWh	0	20	0	Biomass electricity, MWh	0	14	25
Total electricity demand, MWh	98	230	150	Total electricity demand, MWh	93	108	172
HP steam for power gen, kt/d	8.1	8.7	10	HP steam for power gen, kt/d	7.6	4.5	7.1
Total steam demand, kt/d	13	16	17	Total steam demand, kt/d	12	9	15
LP steam demand for CC, kt/d	0	1.6	4.4	LP steam demand for CC, kt/d	0	0.9	3.1
Raw water demand, kt/d	14	16	17	Raw water demand, kt/d	14	12	15
Dry biomass demand, t/d	0	672	1800	Dry biomass demand, t/d	0	457	2053
Dry biomass, TJd	0	12	33	Dry biomass, TJd	0	8	38
Land requirement, kha	0	22	59	Land requirement, kha	0	15	67

the outcomes of decarbonization, injecting underground volume equivalents to 67 % and 95 % of the original 2020 CO₂ emissions level of the high and medium complexity refineries, respectively. This process compensates for the remaining CO₂ emissions into the atmosphere from the combustion of fossil fuel in boilers, combustion turbines, and furnaces.

4.1.4. Economic impacts

Table 10

The high complexity refinery with higher conversion of crude oil into valuable products has a higher refining margin compared to medium complexity (lower conversion) refinery. This aligns with the findings found in the literature review and data from the industry where higher conversion rates normally increase refining margins.

In the BAU scenario, the refining margin reduces through the years. For the high complexity refinery, the refining margin decreases by 27 % in the short term and 33 % in the long term compared with 2020 levels. Meanwhile, for the medium complexity refinery, the negative trend is more profound with a reduction of 37 % in the short term and 41 % in the long term, compared to the 2020 margin. The primary factor

contributing to the unfavorable outcome in the refining margin is the more rapid escalation of the market price of natural gas compared to the ascent of refining product prices.

On the other hand, the high decarbonization scenario presents a significant reduction in the refining margin, followed by a gradual recovery in the long term. In 2030, the HC refinery in HADS has a 40 % lower margin than in the BAU scenario, but this gap decreases to 5 % by 2050. Meanwhile, for the medium complexity refinery, the difference in margin with BAU is 50 % lower in the short term, but 22 % higher in the long term.

In the low ambition decarbonization scenario, the refining margin experiences a reduction less severe than in the high ambition decarbonization scenario compared to BAU in the short term. In 2030, the HC refinery in LADS has a 5 % lower margin than in the BAU scenario, increasing this gap to 10 % by 2050. Meanwhile, for the medium complexity refinery, the difference in margin improves by 22 % in both the short and long term.

Table 9Throughput and CO₂ emissions across BAU, Low, and High Decarbonization Scenarios.

High Complexity	2020	2030	2050	Medium Complexity	2020	2030	2050
Scenario: BAU							
Oil refinery throughput, kbld	155	196	196	Oil refinery throughput, kbld	240	242	242
Kty	7718	9752	9752	Kty	11,931	12,034	12,034
Utilization capacity, %	100 %	83 %	83 %	Utilization capacity, %	99 %	99 %	99 %
Net CO ₂ emissions [†] , kt CO ₂ /y	2490	2573	2551	Net CO ₂ emissions [†] , kt CO ₂ /y	3496	3361	3347
Scenario: High decarbonization							
Oil refinery throughput, kbld	155	196	196	Oil refinery throughput, kbld	240	242	242
Kty	7718	9752	9752	Kty	11,931	12,034	12,034
Utilization capacity, %	100 %	83 %	83 %	Utilization capacity, %	99 %	99 %	99 %
Net CO ₂ emissions [†] , kt CO ₂ /y	2490	1616	0	Net CO ₂ emissions [†] , kt CO ₂ /y	3496	2332	0
CO ₂ released into the atmosphere, fossil source	2490	1905	1289	CO ₂ released into the atmosphere, fossil source	3496	3034	2205
CO ₂ released into the atmosphere, biosource	0	42	186	CO ₂ released into the atmosphere, biosource	0	102	318
Removed from the atmosphere, via biomass photosynthesis	0	421	1865	Removed from the atmosphere, via biomass photosynthesis	0	1024	3193
Biogenic CO ₂ to storage	0	377	1670	Biogenic CO ₂ to storage	0	917	2858
Fossil CO ₂ to storage	0	227	0	Fossil CO ₂ to storage	0	13	0
Scenario: Low decarbonization							
Oil refinery throughput, kbld	155	196	196	Oil refinery throughput, kbld	240	242	242
Kty	7718	9752	9752	Kty	11,931	12,034	12,034
Utilization capacity, %	100 %	83 %	83 %	Utilization capacity, %	99 %	99 %	99 %
Net CO ₂ emissions [†] , kt CO ₂ /y	2490	2070	1150	Net CO ₂ emissions [†] , kt CO ₂ /y	3496	2896	1753
CO ₂ released into the atmosphere, fossil source	2490	2399	2182	CO ₂ released into the atmosphere, fossil source	3496	3156	2923
CO ₂ released into the atmosphere, biosource	0	48	128	CO ₂ released into the atmosphere, biosource		33	146
Removed from the atmosphere, via biomass photosynthesis	0	481	1288	Removed from the atmosphere, via biomass photosynthesis	0	327	1469
Biogenic CO ₂ to storage	0	430	1155	Biogenic CO ₂ to storage	0	293	1316
Fossil CO ₂ to storage	0	454	201	Fossil CO ₂ to storage	0	151	0

[†] Scope 1 & 2.**Table 10**

Economic Impacts across BAU, Low, and High Decarbonization Scenarios.

High Complexity	2020	2030	2050	Medium Complexity	2020	2030	2050
Scenario: BAU							
Net margin, €/bbl	6.2	4.5	4.1	Net margin, €/bbl	4.5	2.8	2.7
Hydrogen production cost, €/ kg H ₂	1.6	1.8	1.6	Hydrogen production cost, €/ kg H ₂	1.6	1.9	1.8
Scenario: High decarbonization							
Net margin, €/bbl	6.2	2.7	3.9	Net margin, €/bbl	4.5	1.4	3.4
Hydrogen production cost, €/ kg H ₂	1.6	2.5	1.7	Hydrogen production cost, €/ kg H ₂	1.6	2.7	1.6
Scenario: Low decarbonization							
Net margin, €/bbl	6.2	4.2	3.7	Net margin, €/bbl	4.5	3.5	3.3
Hydrogen production cost, €/ kg H ₂	1.6	2.6	2.3	Hydrogen production cost, €/ kg H ₂	1.6	2.4	2.3

4.2. Sensitivity analysis results

The following sensitivity analysis explores the influence of 3 key parameters, CO₂ price market, biomass supply capacity, and improvement curve of electrolyzer capex.

4.2.1. CO₂ price market

Given the significant impact of the CO₂ price market on refinery profitability in decarbonization scenarios, we conducted a sensitivity analysis to understand at which CO₂ price refineries break even in the high decarbonization scenario.

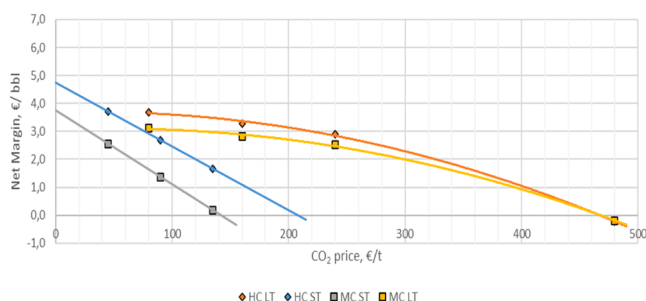
**Fig. 5.** Sensitivity analysis of CO₂ price in refinery net margin.

Fig. 5 shows the findings of this sensitivity analysis. The findings suggest that in the short term, the medium complexity (MC) refinery maintains its viability up to a CO₂ price of €140/t CO₂, while the high complexity (HC) refinery displays greater resilience, enduring CO₂ prices of up to €205/t CO₂ due to its production of more valuable products. In the long term, the threat diminishes and both refineries remain viable up to a CO₂ price of €470/t CO₂. This can be explained as a consequence of the adoption of technologies for hydrogen production that have improved capex/opex and efficiency over time. It's worth noting that according to the IEA 2023 report, CO₂ prices in net-zero scenarios are projected to reach €90 by 2030 and €200 by 2050.

4.2.2. Biomass supply

Biomass has been demonstrated to be a critical factor in achieving the long-term CO₂ neutrality goal, also based on the fact that biomass is a limited resource, we decided to run two further runs to get an insight into how the system behaves when the maximum biomass supply is one-third of the total demand required in HADS (e.g. without restriction on capacity). As shown in Fig. 6, the optimized solution suggests that the long-term decarbonization goals cannot be achieved with such a restricted biomass supply; thus, CO₂ emissions are reduced to 68 % and 55 % from 2020 levels for the HC and MC refineries, respectively.

In this scenario, the results show that the constraint of biomass-based technologies production leads to a 4 % increase in total hydrogen

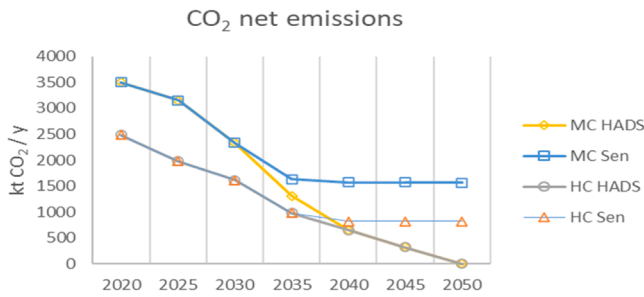


Fig. 6. CO₂ emissions comparison under one-third of biomass supply constraint.

production. The insufficient supply of dry biomass supply is offset by water electrolyzers powered by PV and wind electricity in the long term (Fig. 7). Therefore, hydrogen production from water electrolyzers powered by PV and wind electricity increases by 1.9 times while hydrogen from the biomass gasification process is no longer considered a viable option.

To achieve CO₂ neutrality in the long term under this biomass supply constraint, the processing oil capacity for both refineries must be reduced to 56 % and 40 % for the HC and MC refineries, respectively. These results are shown in Fig. 8.

4.2.3. Delay of the electrolyzer's capex improvement

Water-electrolyzer technology has been demonstrated to play a significant role in the short-term decarbonization goal. This fact motivates us to conduct a sensitive analysis if electrolyzer costs do not rapidly decrease, considering the electrolyzer's capex improvement doesn't decrease in the first 10 years. The results point out that although this delay does not impact the long-term goal of achieving CO₂ neutrality, it does impact the net margin. The most significant impact is an 11 % reduction, observed in the medium complexity refinery in 2035 (See Fig. 9). Fig. 10 illustrates the impact of this delay on the portfolio of deployed H₂ technologies. The results show that, in the short term, the use of water electrolysis technology is reduced by 77 % and it is compensated by the increase in production of SMR+CCS in the high complexity refinery. On the other hand, the hydrogen production in the medium complexity refinery is reduced by 54 %, as a consequence of the reduction in 90 % of water electrolysis production.

In the long term, biomass-based H₂ mitigates this constraint, leading to a 22 % increase in biomass-based H₂ production in the high complexity refinery. In the medium complexity refinery, a 36 % reduction in water electrolysis technology is compensated by increasing the production of biomass-based hydrogen.

4.3. Discussion

Given that hydrogen production contributes differently to the overall

Oil refinery throughput to achieve CO₂ net zero

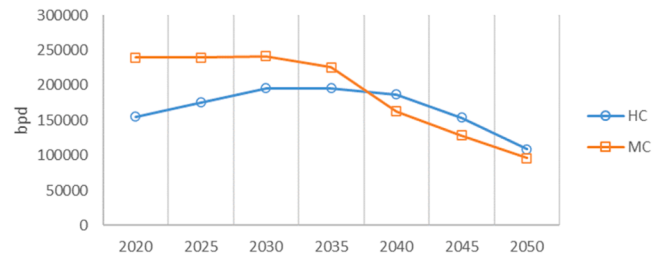


Fig. 8. Oil refinery throughput affection under one-third of biomass supply constraints.

Net margin affection

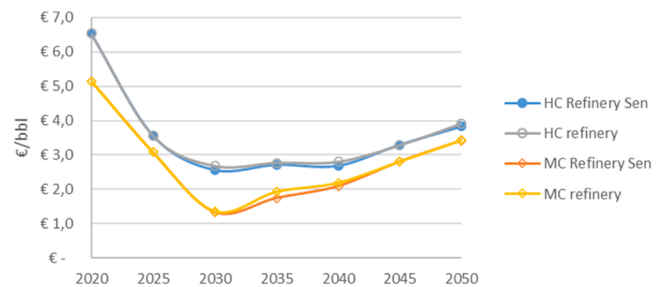


Fig. 9. Net margin impact under a constraint of delayed improvement in the electrolyzer capex.

CO₂ emissions inventory of both refineries, the deployment of low-carbon intensity hydrogen technologies varies for each refinery. For example, the medium complexity refinery requires greater Negative Emissions Technologies (NETs) to achieve CO₂ neutrality, such as biomass-based electricity or biomass-derived hydrogen coupled with CO₂ capture and storage (CCS). However, implementing NETs involves higher costs, both in terms of investment and operational expenses, and requires well-organized logistics for activities such as tree planting, collection, and transportation. Fortunately, the region where the Barancabermeja refinery (MC) is located boasts significant potential for woody biomass, estimated at 100–200 PJ/year of biomass (Younis et al., 2023), which seems to be adequate to support the 30 PJ/year of biomass required in the HADS in the long term, but whether that theoretical potential is realizable remains to be confirmed.

The utility infrastructure faces substantial challenges, requiring enhancement to meet long-term demand, particularly in the HADS. This applies primarily to low pressure steam, renewable electricity generation, and infrastructure associated with electricity transportation from external sources. This expected growth includes an 80–137 % increase in steam demand to support the CO₂ capture process, and a significant

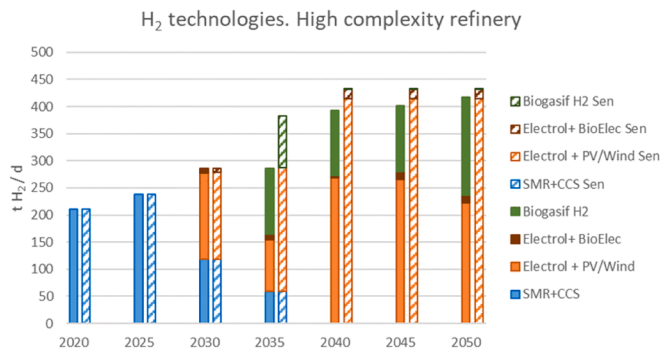
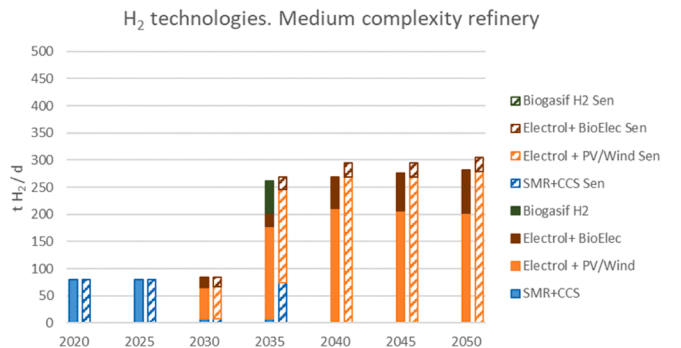


Fig. 7. Deployment comparison of hydrogen technologies under one-third of biomass supply constraints.



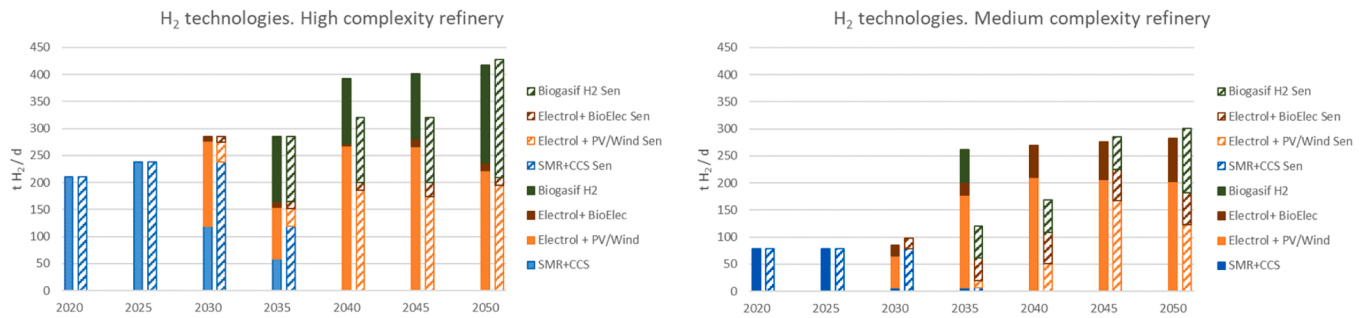


Fig. 10. Deployment comparison of hydrogen technologies under a ten-year delay of the Electrolyser's capex improvement curve.

expansion in renewable electricity demand, especially in the short term reaching 1.2 to 4.9 times the original total electricity levels, and up to 6.2 times in the long term.

Since, the level of complexity plays a significant role in the deployment of decarbonization technologies, as discussed earlier, we aim to compare the outcomes of our current study with those of previous ones. We employ the hydrogen (H_2) consumption index as a metric to contrast different types of oil refineries, as the term “level of complexity” was not consistently used in previous studies. As an illustrative comparison, consider the REFAP oil refinery located in Brazil, with a daily processing capacity of 32,000 m^3 /day (equivalent to 201 kBPd or 10 Mt/year) and a hydrogen consumption ratio of 4.1 $kt H_2$ / Mt of crude oil, as reported by Nascimento da Silva et al. in 2022 (Colombian HC refinery has hydrogen consumption ratio of 7.7 $kt H_2$ / Mt of crude oil, and the MC refinery has 2.4 $kt H_2$ / Mt of crude oil). They evaluated the utilization of surplus wind energy to power electrolyzers, achieving a reduction in emissions ranging from 10.4 % to 14 % by using 30 % and 50 % wind energy shares and the Brazilian electricity grid. Our study made significant progress in this application, achieving a 25 % reduction in CO_2 emissions across both refineries in the short term, using renewable electricity in 77 % and 58 % of the total electricity demand in the HC and MC refineries, respectively.

Previous research conducted by Brau et al. (2013–2014) explored the utilization of hydrogen in an oil refinery context through the thermal gasification of biomass in a high complexity Swedish refinery, which has a hydrogen consumption ratio of 9.6 $kt H_2$ / Mt crude oil. The authors report a reduction of approximately 92 % in emissions attributable to the existing Steam Methane Reforming (SMR) process, assuming an unrestricted biomass supply. Similarly, our study employs biomass-based technologies to achieve net-zero CO_2 emissions (Scope 1&2) in the HADS, entirely replacing the SMR technology and accounting for 59 % and 72 % of the reduction in the high and medium complexity refineries, respectively.

Despite effectively representing two oil refinery configurations using a MILP model, this study found limitations in applying linear programming to inherently nonlinear processes. This issue was addressed by narrowing the operational capacity range under evaluation, which affected the accuracy of mass and energy balances, with deviations less than 5 % when compared to actual refinery data. Another limitation arises from the use of unrestricted availability of resources, so for that reason, a sensitivity analysis of Biomass supply was conducted, based on Biomass has demonstrated being a critical factor in achieving the long-term CO_2 neutrality goal. Additionally, this study includes technologies with TRL [8–9] for the short term with technologies with lower TRL for the medium and long term, generating uncertainties about results in the long term. We manage this situation by using the learning rate curves from open-access sources for commercial technologies, and a sensitivity analysis for the key parameters detected in this study to analyze the behavior of the system and changes in the optimized solution.

Another limitation is related to using a single objective function in optimization. In this study, the default objective function in Linny-R was employed to maximize cash flow, while setting constraints for other key

parameters, such as capping maximum CO_2 emissions per period. A multi-objective optimization approach could provide more realistic solutions by accommodating conflicting objectives, thereby generating a set of trade-offs rather than a single optimal solution. Additionally, the study was limited by data availability concerning refineries with varying levels of complexity. For instance, low-complexity refineries were not included in this study; however, such refineries represent only 5–10 % of the global total, compared to 50 % of medium complexity and 35 % of high complexity refineries (Kaiser, 2017).

5. Conclusions

In this study, we conducted a comprehensive system analysis and optimization for two Colombian oil refineries operating at different levels of complexity. Our modeling results for the case study underscore the important impact of the refinery's complexity level on the outcomes of the decarbonization efforts. To provide clarity, we have highlighted the key conclusions as follows:

First, integrating low-carbon hydrogen technologies in refineries is a feasible strategy for achieving CO_2 reduction goals in both the short and long term. This study offers a technically and economically optimal solution for utilizing energy sources, process units, and utilities. However, achieving long-term CO_2 neutrality will require additional technological advancements and operational strategies, as refineries have historically used hydrogen mainly for desulfurization. In a high-ambition decarbonization scenario, fossil-based hydrogen for desulfurization is replaced by low-carbon hydrogen. Moreover, hydrogen is identified as a feasible alternative to conventional gas fuels in refinery operations, further reducing CO_2 emissions.

Second, the deployment of decarbonization technologies prioritizes renewable electricity, including a significant participation of electricity from biomass coupled with CO_2 capture and storage to power water electrolyzers. Steam methane reforming + CCS technology is initially the more cost-effective method for low-carbon hydrogen production, phasing out gradually over the long term. Beyond 2030, biomass-based technologies + CCS remain costly, but biomass via negative emissions emerges as a feasible alternative for achieving net-zero CO_2 emissions.

Third, in the decarbonization scenario, refinery net margins are significantly influenced by the prices of CO_2 and renewable electricity. In the short term, natural gas prices remain critical due to the ongoing use of steam methane reforming. The results indicate that the short-term period is crucial, especially in high-ambition decarbonization scenarios. A medium-complexity refinery is economically viable up to a CO_2 price of €140/t, while a high-complexity refinery endures up to €205/t.

Fourth, high complexity refineries are better equipped to manage the economic impacts of decarbonization. In the short term, high decarbonization scenarios could negatively impact refining margins by 42 % to 50 %.

Fifth, integrating low-carbon hydrogen as a fuel source in refineries results in significant long-term CO_2 reductions. For example, the high-complexity refinery configuration achieves an additional reduction of 318 $kt CO_2$ /y, or 13 % of the original emissions, while the medium-

complexity refinery reduces emissions by 380 kt CO₂/y, or 11 %. These findings highlight the potential for further CO₂ reductions by fully replacing refinery gas fuel with low-carbon hydrogen. Future research should focus on reallocating surplus refinery fuel gas to non-combustion processes.

Finally, the results of this study can serve as a guide for the decarbonization of oil refineries with similar complexity worldwide. This can help inform future investment decisions and strategic planning in the pursuit of CO₂ neutrality.

CRedit authorship contribution statement

Erik López-Basto: Writing – review & editing, Writing – original draft, Visualization, Software, Methodology, Investigation, Formal analysis, Data curation, Conceptualization. **Gijsbert Korevaar:** Writing – review & editing, Validation, Supervision, Methodology. **Samantha Eleanor Tanzer:** Writing – review & editing, Visualization, Validation, Supervision, Methodology. **Andrea Ramírez Ramírez:** Writing – review & editing, Validation, Supervision, Methodology, Formal analysis, Conceptualization.

Declaration of competing interest

The authors declare the following financial interests/personal

relationships which may be considered as potential competing interests:

The main author would like to thank Ecopetrol S.A., which provided a personal stipend as a loan scholarship to pursue postgraduate studies. The other authors, they declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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The views expressed in this paper do not necessarily reflect those of Ecopetrol S.A.

Supplementary data, material, and calculations to this article can be found online at: <https://doi.org/10.4121/cbcc8bb9-7a8b-4041-b60b-360110a65bab>

Appendix A

Table A1

Hydrogen consumption in the refining process. Source: based on RIS Ecopetrol (2021).

High complexity refinery				
Feedstock	Gasoil.	HSD + HSHN from FCC.	High sulfur diesel.	HSN & HSLN from FCC.
Application	HCK	HDT. ULSD	HDT. ULSD	NHT
H ₂ /Feed Hydrocarbon (SCFB)	2040	540	587	168
H ₂ /Feed Hydrocarbon (t H ₂ /kbbbl)	5.01	1.29	1.4	0.4
Medium complexity refinery				
Feedstock	Gasoil.	HSD	HSD.	HSN from FCC.
Application	HCM	HCM	HDT. ULSD	NHT
H ₂ /Feed Hydrocarbon (SCFB)	1041	769	405	50
H ₂ /Feed Hydrocarbon (t H ₂ /kbbbl)	2.48	1.83	0.97	0.12

SCFB: standard cubic feet per barrel. HCK: Hydrocracking, HDT: Hydrotreatment, NHT: Naphtha hydrotreater, HCM: Medium severity hydrocracker, HSD: High sulfur diesel, ULSD: Ultralow sulfur diesel, HSHN: High sulfur heavy naphtha, HSLN: High sulfur light naphtha, HSN: High sulfur naphtha.

Appendix B

The techno-economic parameters of the low-carbon hydrogen production technologies used in the modeling process are presented in Tables B1 to B5.

Table B1

Techno-economic data for SMR + CC technology.

	High complexity Value	Medium complexity Value	Reference
Capacity SMR, t H ₂ /d	238	79	Source: Technical data sheets / RIS Ecopetrol (2021)
Feedstock (natural gas), GJ NG/ t H ₂	133.4		RIS Ecopetrol (2021)
Electricity consumption, MWhe/ t H ₂	0.36		RIS Ecopetrol (2021)
HPS net generation kg /t H ₂	7.3		RIS Ecopetrol (2021)
Reformer fuel gas consumption, GJ /t H ₂	26.8		RIS Ecopetrol (2021)
Reformer tail gas consumption, GJ /t H ₂	47		RIS Ecopetrol (2021)
Emission factor, kg CO ₂ /kg H ₂	9.31		SIGEA 2019
Capex, € 2020/t H ₂	7505		GDR, (2021)
Annual fix Opex	3 % Annual capex		GDR, (2021)
Start in service	2015	2010	
Economic Lifetime, years	25		
Retrofit, year	2040	2035	

(continued on next page)

Table B1 (continued)

	High complexity Value	Medium complexity Value	Reference
Capacity after retrofit, t H ₂ /d	238	79	
Retrofit Investment	60 % of the original Capex		GDR, (2021)
Annual fix Opex	5 % Annual Capex		GDR, (2021)
Economic lifetime, years	25		
<u>CO₂ capture Unit</u>			
Technology	Chemical absorption ADIP-X		
Application	SMR. Out stream of water gas shift reactor		
Capture efficiency	95 %		Meerman (2012)
Low-pressure steam consumption, GJ/t CO ₂ captured	1.97		Meerman (2012)
Electricity consumption, kWh/t CO ₂ captured	2.1		Own calculation from Hysys simulation based on Meerman's 2012 study.
Carbon footprint, kg CO ₂ /t CO ₂ captured	111		Own calculation

ADIP-X: 45 %wt. MDEA conc. and 5 %wt. Piperazine conc.

Renewable electricity and water electrolyzer.

Two sources of renewable energy are included in this article. Types and capacity are shown in [Table B2](#)

Table B2

Techno-economic data for renewable energies. Source: [GG&BE \(2021\)](#) and Ioannis [Tsiropoulos et al. \(2018\)](#).

Process	Parameter	Both refineries	Reference
Wind generation	Capacity factor	41 %	GG&BE (2021)
	Capex, €/kW (2020)	1310	Ioannis Tsiropoulos et al. (2018)
	Fix Opex	3 % annual capex	Ioannis Tsiropoulos et al. (2018)
	Lifetime, years	25	Ioannis Tsiropoulos et al. (2018)
	LCOE, €/MWh	50	GG&BE (2021)
Photovoltaic generation	Capacity factor	19.5 %	GG&BE (2021)
	Capex, €/kW (2020)	830	Ioannis Tsiropoulos et al. (2018)
	Fix Opex	1.7 % annual capex	Ioannis Tsiropoulos et al. (2018)
	Lifetime, years	25	Ioannis Tsiropoulos et al. (2018)
	LCOE, €/MWh	68	GG&BE (2021)
Transport		6 % of the total electricity price (3.9 €/MWh)	Based on XM report, 2022
Commercialization		9 % of the total electricity price (5.8 €/MWh)	Based on XM report, 2022

No electricity grid losses and restrictions have been taken into account in this calculation.

[Tables B3 and B4.](#)

Table B3

Techno-economic data for a PEM electrolyzer.

	Value	Reference
Technology	PEM	
Efficiency (including BOP) 2022, kWh/kg H ₂	62.1	Irena (2018)
Capex (including BOP*) 2022, €/kW	1505	IEA, (2023)
Annual fix Opex	2 % of annual capex	Ioannis Tsiropoulos et al. (2018)
Lifetime, years	20†	Ioannis Tsiropoulos et al. (2018)
Oxygen supply price (pipeline), €/t	22	Based on Linde prices 2022

BOP: Balance of Plant (Auxiliary equipment). * 18.9 % of additional cost for BOP Source: Green Hydrogen Production. [Ecopetrol pilot scale test \(2022\)](#).

† 10 years for Electrolyzer stacks.

Electricity from Biomass to power electrolyzers.

Table B4

Techno-economic data for Biomass-electricity.

	Value	Reference
<u>Feedstock. Biomass</u>		
Tree species.	Eucalyptus Calmaldulensis*	Díaz F & Molano M. (2001)
Low heating Value, MJ/kg.	18.5	Arrieta et al. (2016)
CO ₂ capture performance, t CO ₂ / ha y.	21.7	Díaz F & Molano M. (2001)
Area	5000 ha max. Eucalyptus Calmaldulensis.	
Biomass Growth-to-Consumption Cycle Ratio, year.	4.1	
Price, (€/ha)	411	Díaz F & Molano M. (2001)
Price, €/t dry biomass	63.7	Boston Consulting Group (2021)
Annual Capex, USD/ha	432	Díaz F & Molano M. (2001)
Annual fix Opex	3 % of annual capex	
Feedstock capacity, t/d dry biomass	1849	Ecopetrol. GDR (2021)
Wet biomass, % moisture content	%...	Brau & Morandin (2014)
Dry biomass EP, % moisture content	10–20 %	Brau & Morandin (2014)
Wet biomass/ dry biomass mass ratio	1.4	Own calculation
Upstream emission factor, kg CO ₂ / t dry biomass	126.5	Own calculation

(continued on next page)

Table B4 (continued)

	Value	Reference
Power plant		
Factor, t dry biomass / MWe	1.4	Boston Consulting Group (2021)
Emission factor, kg CO ₂ / t dry biomass	1953	Arrieta et al. (2016)
Emission factor, t CO ₂ / MWe	1.5	GDR (2021)
Capacity Max, MW	64	
Availability Plant factor	82 % [82–92 %]	GDR (2021)
Capex €/kW installed (2020)	3400	Boston Consulting Group (2021)
Fix Opex,	2 % of annual capex	Ioannis Tsiropoulos et al. (2018)
Lifetime, years	25	Ioannis Tsiropoulos et al. (2018)

* Based on the location of both refineries, the closer area is the Cesar department. 26–29C; 35–3000 m.a.s.l. Rain falling: 1000 - 1300 mm yearly.
EP: Eucalyptus pellets.

Biomass gasification.

Table B5
Techno-economic data for biomass gasification + CC. H₂ production.

	Value	Reference
Biomass gasification – H₂ plant		
Technology	Indirect gasification	
Feedstock, t dry biomass / t H ₂	10	Brau & Morandin (2014)
Electricity demand, MWhe / t/d H ₂	0.2	Brau & Morandin (2014)
Steam demand, t steam / t H ₂	11.6	Brau & Morandin (2014)
Capacity Max., t H ₂ /d	60	
Capex €/ t H ₂ installed (2020)	14,802	Based on GDR (2021)
Fix Opex,	2 % of annual capex	Ioannis Tsiropoulos et al. (2018)
Lifetime, years	25	Ioannis Tsiropoulos et al. (2018)

CO₂ capture Unit

	Chemical absorption MEA	Reference
Technology	Biomass gasification and fluid bed boiler flue gas*	
Application		
Investment Cost MEA, € 2020/t CO ₂	79,6	Irena (2018)
Capture efficiency	90 %	
Low-pressure steam consumption, GJ/t CO ₂ captured	2.7	SINTEF (2017)
Electricity consumption, kWh/t CO ₂ captured	36.6	SINTEF, (2017)
Carbon footprint, kg CO ₂ /t CO ₂ captured	157	Own calculation
Lifetime, years	20	Ioannis Tsiropoulos et al. (2018)

* Considering CO₂ average conc. 17.7 % vol

CO₂ compression, drying, transportation, and injection. Source

	Value, €/ t CO ₂	Reference
Incremental Cost		
Cartagena (HC)	28.7	Based on (Yáñez et al., 2020) and (Younis et al., 2023)
Barrancabermeja (MC)	14.1	

*Considering onshore storage, pipeline transportation, and distances less than 200 km for HC and less than 10 km for MC.

Appendix C. Linny-R Model. Oil refineries model

Linny-R uses symbols to build a representation of a system.

 Feedstocks and products representation. It could be a source, sink, stock, or data type.

 Process. Each process is considered as an actor, assigning a name by the author.

 Process cluster: A layer that contains a group of processes or equipment. Clicking on this icon opens a new layer (window). 

Connectors. Mass and energy streams.



The first number corresponds to the linear ratio. The number in the yellow square corresponds to the percentage allocated from the cost of production. When the stream is activated, the color changes from black to blue, and numbers with mass flow and cost show are displayed.



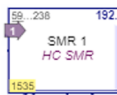
blue number corresponds to the amount of energy or mass that goes to the next process; and below is the cost generated.



Left side numbers correspond to low and high boundaries (limits). The right side number corresponds to the actual amount of this product or feedstock and is below the measuring units. At the bottom on the left side is the calculated production cost, and on the right side, the price assigned is displayed.



Purple arrows represent the number of connections that come or go to other layers (clusters)



Left upper corner numbers are the low and high capacity of the process. The right upper corner number is the used actual capacity. The left lower corner number is the cost of production. In the middle of the square appears the name of the process in black, and below in purple italic form font the actor's name.

The utility block is modeled in more detail reaching the level of equipment groups, composed of natural gas power and a steam generation process based on a combined cycle scheme (NGCC), which includes electricity generator-gas turbines accoupled to Heat Recovery Steam Generation (HRSG), conventional gas-fired boilers, and condensing and back-pressure steam turbines accoupled to an electricity generator. Additionally, in the utility block, the Imported natural gas is adjusted to be used as a feedstock in the hydrogen production using the Steam Methane Reformer technology (SMR). Finally, all the gas fuel required in the process furnaces and steam boilers is produced in the section by blending the recovered refinery off-gas with a small portion of the imported natural gas. Fig. C1 shows a screenshot of the utility block in Linny-r.

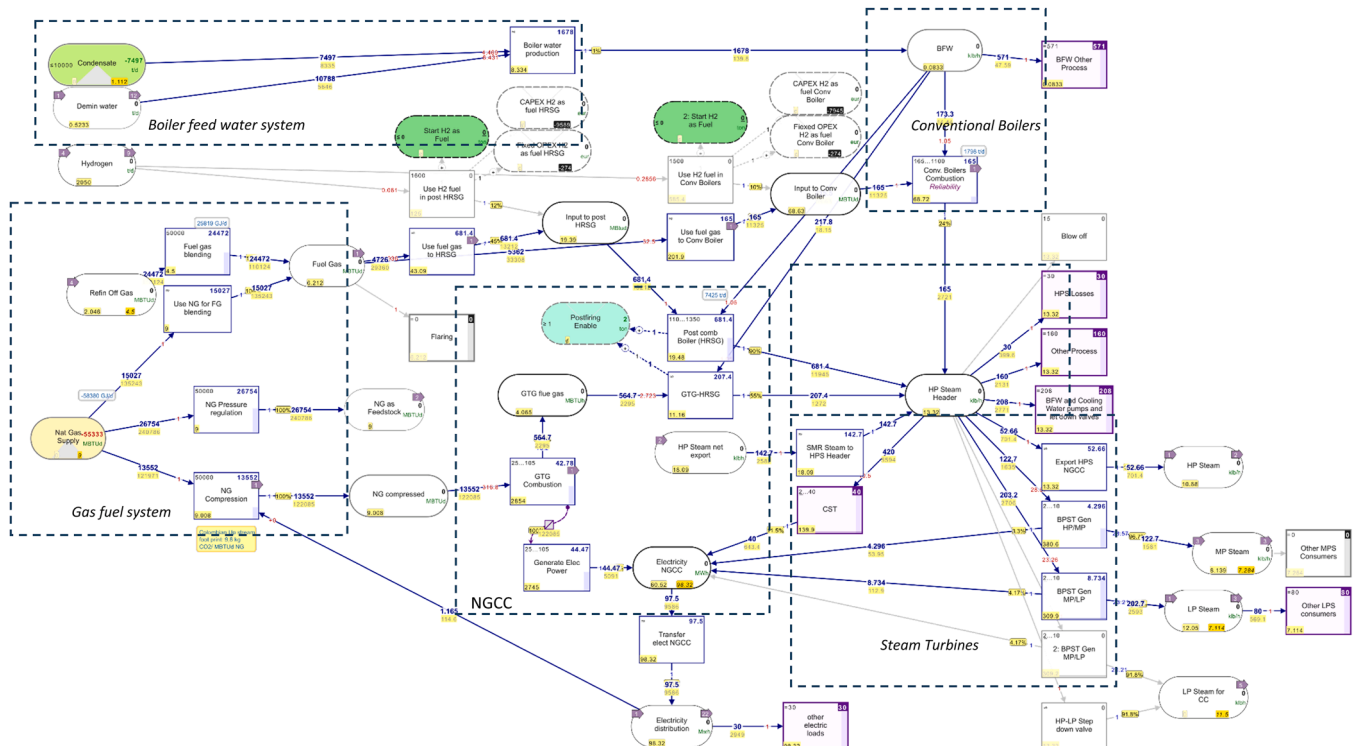
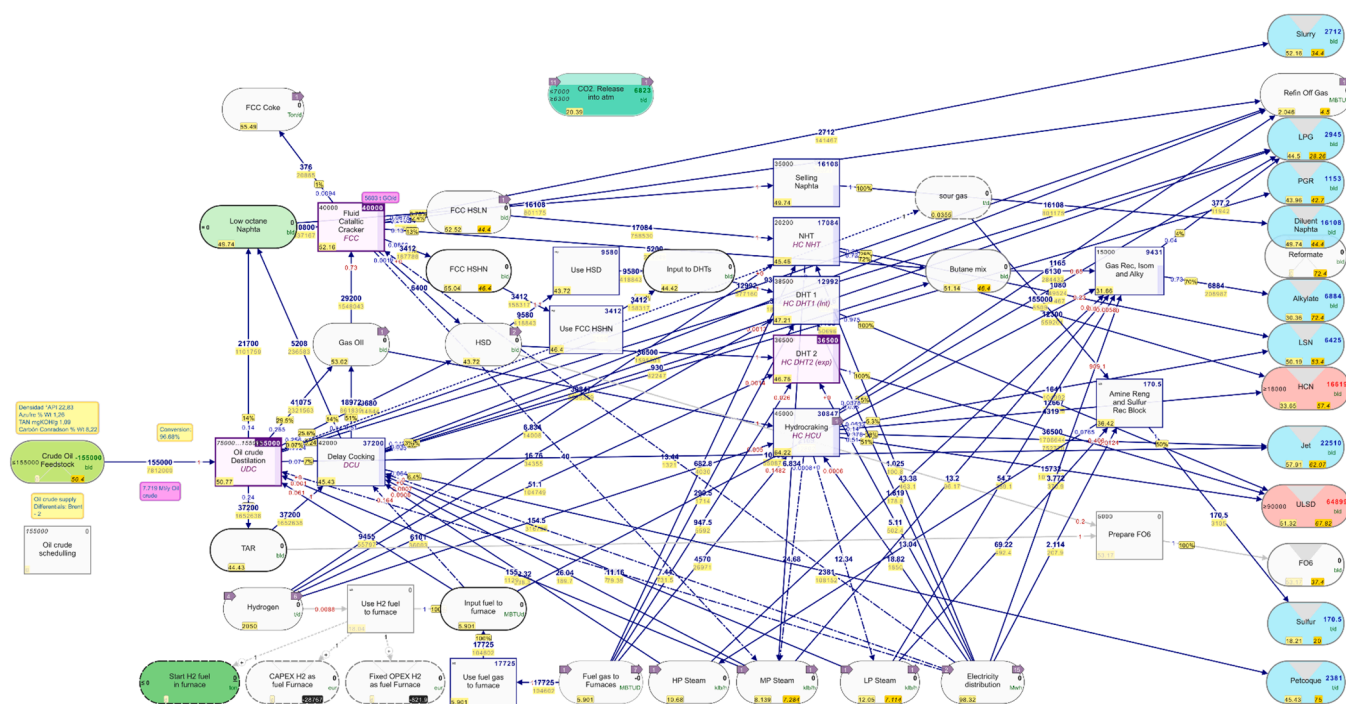
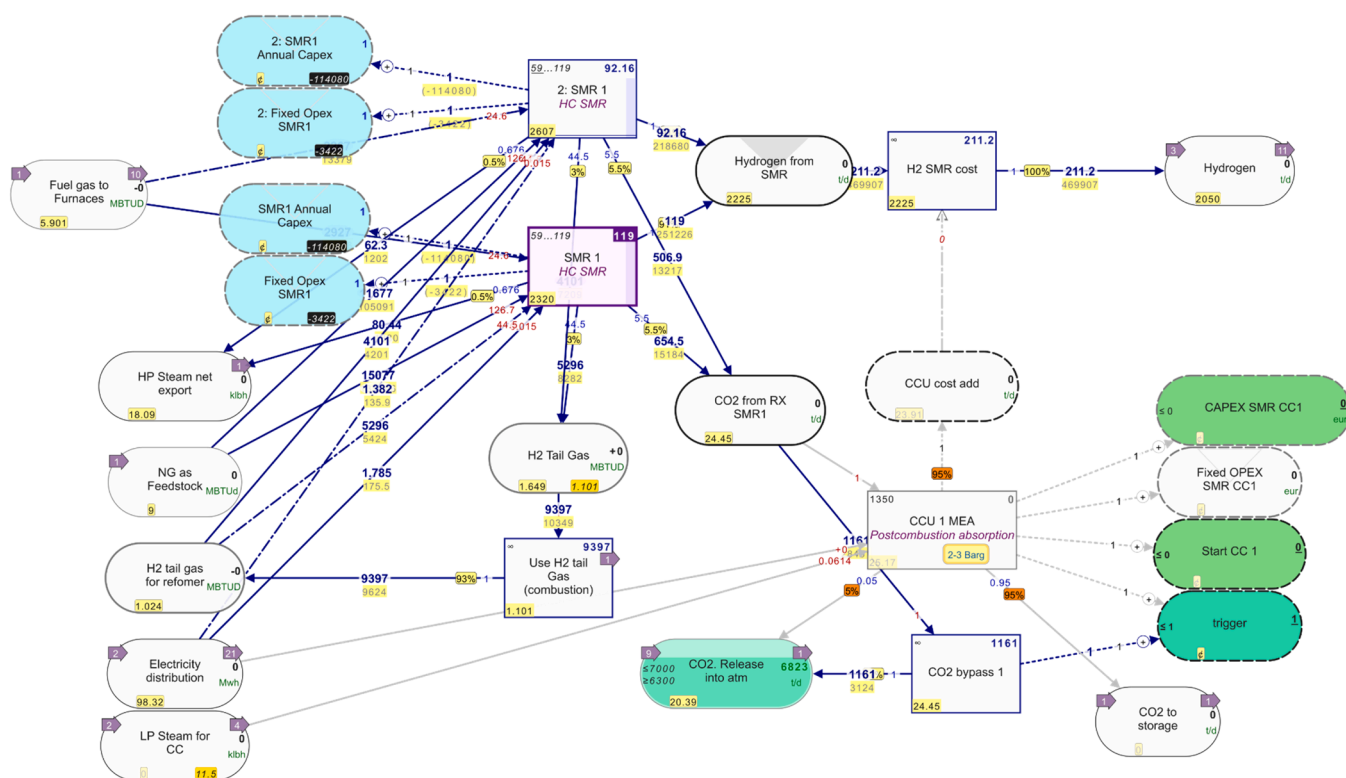


Fig. C1. Utility block in Linny-r.

The Oil refining process block is composed of two sub-blocks, one the high Complexity process (Cartagena refinery) and the second the medium complexity process (Barrancabermeja refinery). Process, yields, and utility demands can be found in the repository. Fig. C2 shows a screenshot of the high complexity oil refining block in Linny-r.



The low-carbon hydrogen technologies block involves the technologies selected after the screening process are presented in **Figures Fig. C2, C3, C4, and C5**.



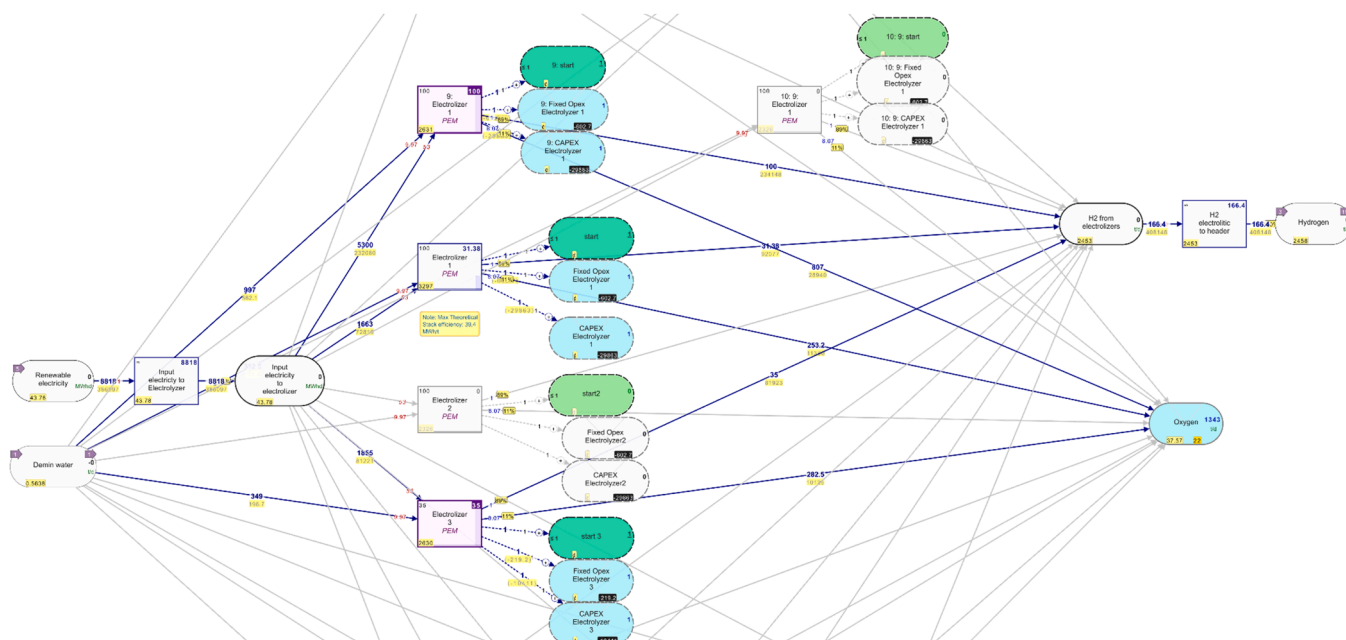


Fig. C4. Water electrolysis block in Linny-r.

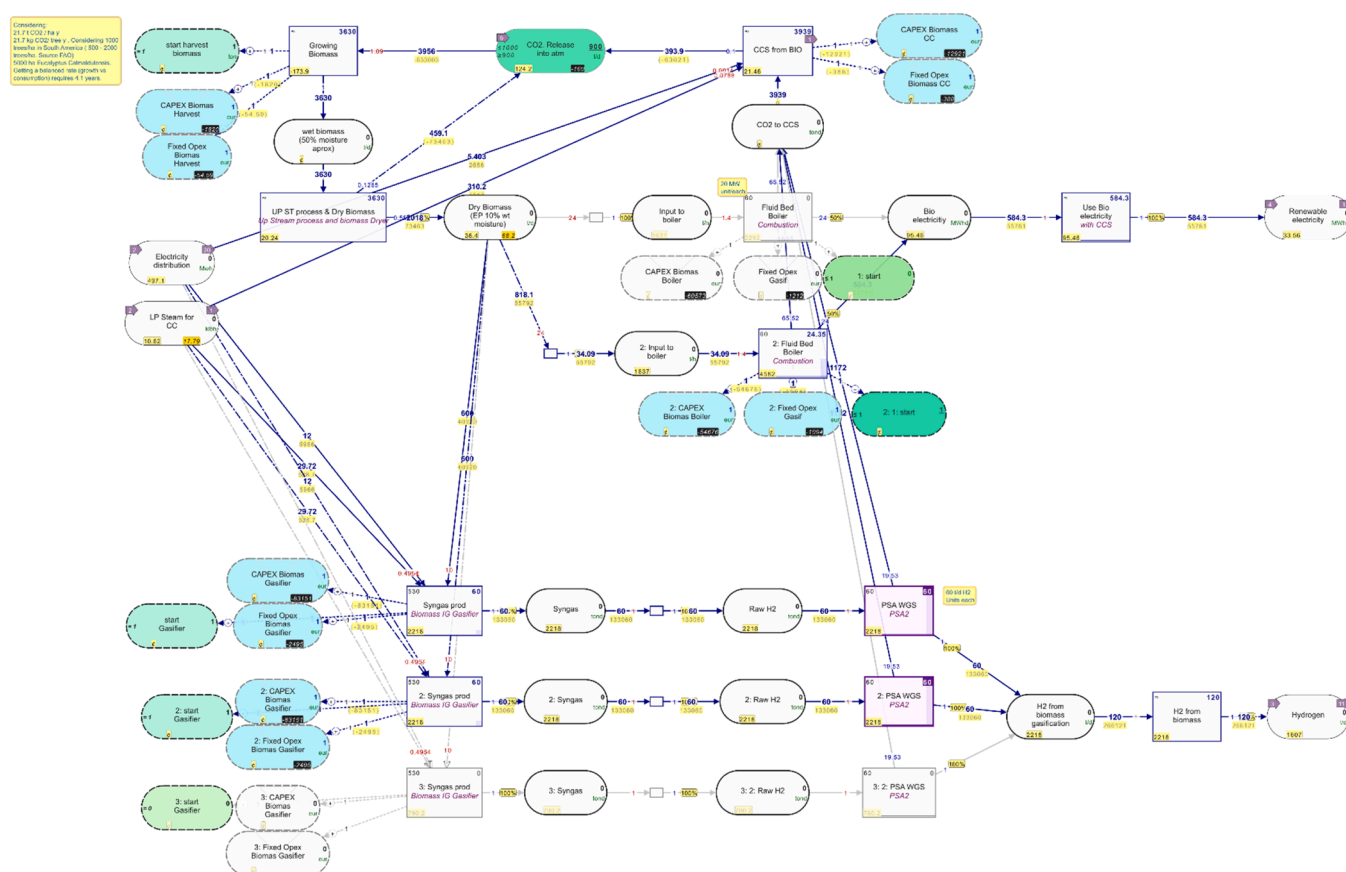


Fig. C5. Biomass-based low carbon hydrogen + CC block in Linny-r.

Data availability

Data will be made available on request.

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