Supplementary Materials for "The benefits of ambitious short-term targets when decarbonising the coupled electricity and heating energy system in Europe"

1. Historical Greenhouse Gases emissions in the European Union

The carbon budget from now onwards for the generation of electricity and the supply of heating in residential and services sector in Europe accounts for $21~\rm GtCO_2$. It has been estimated based on a global carbon budget of $800~\rm GtCO_2$ to avoid temperature increments above $2^{\circ}\rm C$ relative to preindustrial period with a probability of greater than 66% [1, 2]. The global budget is assumed to be split among regions according to a constant per-capita ratio which translates into a 6% share for Europe [3]. Out of the total emissions in Europe, the ratio corresponding to electricity and heating is considered constant and equal to present values. In 2017, electricity generation and heating in the residential and services sector emitted $1.56~\rm GtCO_2$ which represents 43.5% of European emissions, [4] and Figure 1 .

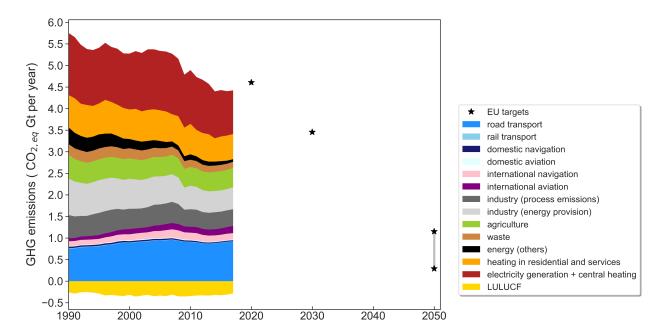


Figure 1: Sectoral distribution of historical emissions in the European Union [4]. The stars indicate committed EU reduction targets.

2. CO₂ restriction paths with equivalent budget

The $B=21~{\rm GtCO_2}$ budget can be utilised following different transition paths. One option consists in assuming a linear ${\rm CO_2}$ restriction path. Emissions will then reach zero in t_f

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$$t_f = t_0 + \frac{2B}{e_0} \tag{1}$$

where t_0 =2020, and e_0 represents the carbon emissions from electricity and heating sector in 2020, which are assumed to be the same as in 2017.

Alternatively, emissions can be assumed to follow a path defined by one minus the cumulative distribution function (CDF_{β}) of a beta distribution in which $\beta_1 = \beta_2$.

$$e(t) = e_0(1 - CDF_{\beta}(t))$$

$$CDF_{\beta}(t) = \int_{-\infty}^{t} PDF_{\beta}(t)dt$$

$$PDF_{\beta}(t) = \frac{\Gamma(\beta_1 + \beta_2)}{\Gamma(\beta_1) + \Gamma(\beta_2)} t^{\beta_1 - 1} (1 - t)^{\beta_2 - 1}$$
(2)

where Γ is the gamma function. The cumulative emissions fulfil $\int_{t_0}^{\infty} e(t)dt = B$.

The third option considered for the transition path is an exponential decay, following Raupach *et al.* [3]. In that case, emissions evolve as:

$$e(t) = e_0(1 + (r+m)t)e^{-mt}$$
(3)

where r is the initial linear growth rate, which here is assumed to be r=0, and the decay parameter m is determined by imposing the integral of the path to be equal to the budget.

$$B = \int_{t_0}^{\infty} e_0 (1 + (r + m)t) e^{-mt} dt$$

$$m = \frac{1 + \sqrt{1 + \frac{rB}{e_0}}}{\frac{B}{e_0}}$$
(4)

Although the exponential decay path approaches asymptotically to zero, we assume here that e(2050) = 0. By doing that, the final point of the different transition paths is equivalent and all of them achieve net-zero emissions by 2050.

- 3. Historical evolution of CO_2 emissions from heating supply in residential and services sector in European countries
- 4. Power plants in operation in Europe
- 5. Historical build rates for solar photovoltaics in European countries
- 6. Transition paths cautious and last-minute. Additional results

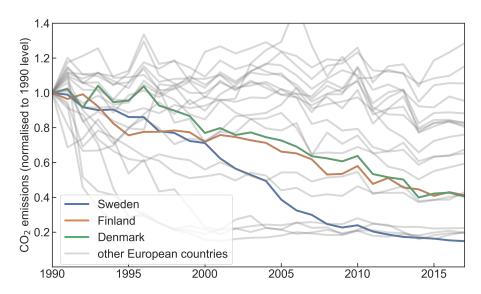


Figure 2: Historical ${\rm CO}_2$ emissions from heating in residential and services sector [4].

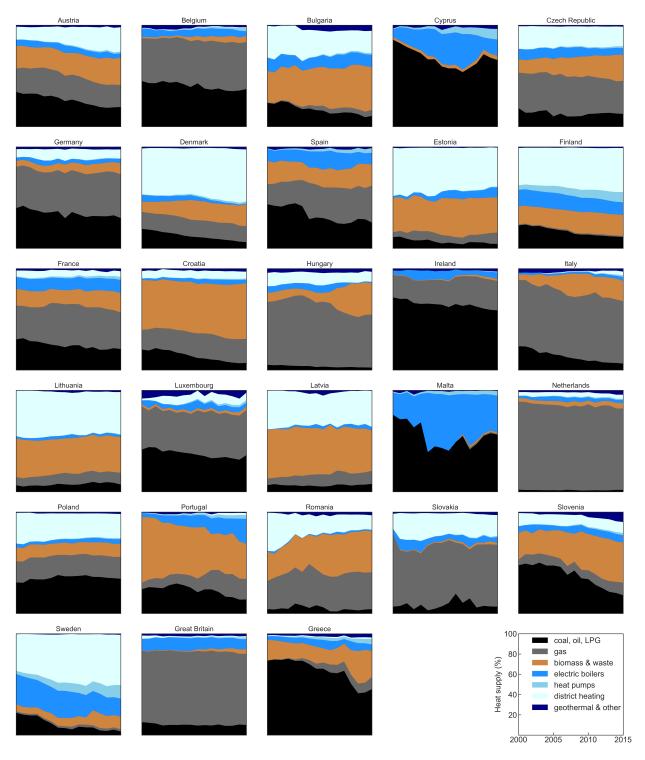


Figure 3: Historical share of technologies used to supply heating demand in residential and services sector [5].

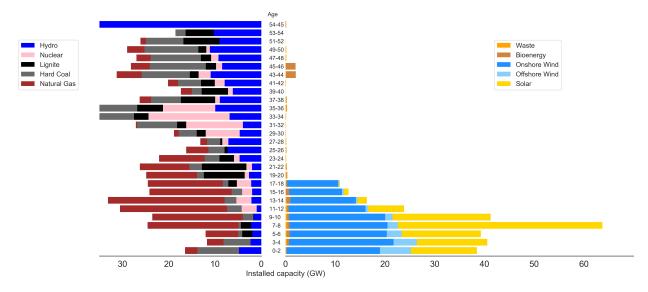


Figure 4: Age distribution of European power plants in operation [6, 7]

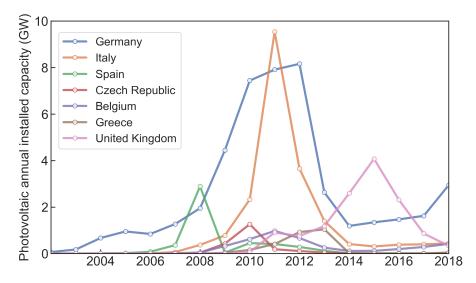


Figure 5: Photovoltaic annual build rates for those European countries with a prominent peak [7]. The sharp increase and subsequent decrease in the installation rates were caused by country-specific successive changes in the regulatory frameworks. See for instance [8, 9].

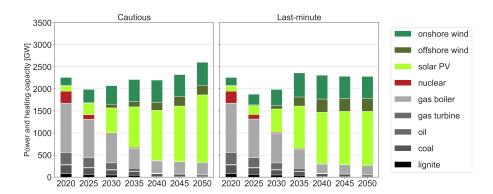


Figure 6: Installed capacities for different technologies throughout transition paths cautious and last-minute shown in Fig. 1 in the main text.

Figure 7: Primary energy in every country in 2050. (left) Cautious transition path, (right) Greenfield optimization for 2050.

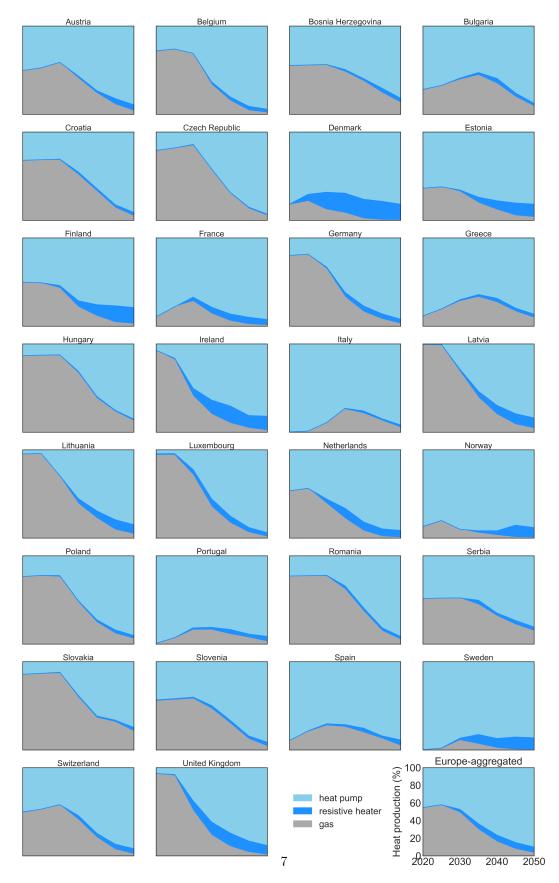


Figure 8: Evolution of technologies used to supply heating in residential and services sector in the cautious path.

7. Model description

In every time step, the optimisation objective, that is, the total annualised system cost is calculated as:

$$\min_{\substack{G_{n,s}, E_{n,s}, \\ F_{\ell}, g_{n,s,t}}} \left[\sum_{n,s} c_{n,s} \cdot G_{n,s} + \sum_{n,s} \hat{c}_{n,s} \cdot E_{n,s} + \sum_{\ell} c_{\ell} \cdot F_{\ell} + \sum_{n,s,t} o_{n,s,t} \cdot g_{n,s,t} \right]$$
(5)

where $c_{n,s}$ are the fixed annualised costs for generator and storage power capacity $G_{n,s}$ of technology s in every bus n, $\hat{c}_{n,s}$ are the fixed annualised costs for storage energy capacity $E_{n,s}$, c_{ℓ} are the fixed annualised costs for bus connectors F_{ℓ} , and $o_{n,s,t}$ are the variable costs (which in some cases include CO_2 tax), for generation and storage dispatch $g_{n,s,t}$ in every hour t. Bus connectors ℓ include transmission lines but also converters between the buses implemented in every country (see Figure $\ref{eq:connectors}$), for instance, heat pumps that connect the electricity and heating bus.

The optimisation of the system is subject to several constraints. First, hourly demand $d_{n,t}$ in every bus n must be supplied by generators in that bus or imported from other buses. $f_{\ell,t}$ represents the energy flow on the link l and $\alpha_{n,\ell,t}$ indicates both the direction and the efficiency of flow on the bus connectors. $\alpha_{n,\ell,t}$ can be time dependent such as in the case of heat pumps whose conversion efficiency depends on the ambient temperature.

$$\sum_{s} g_{n,s,t} + \sum_{\ell} \alpha_{n,\ell,t} \cdot f_{\ell,t} = d_{n,t} \quad \leftrightarrow \quad \lambda_{n,t} \quad \forall n,t$$
 (6)

The Lagrange multiplier $\lambda_{n,t}$, also known as Karun-Kush-Tucker (KKT), associated with the demand constraint indicates the marginal price of the energy carrier in the bus n, e.g., local marginal electricity price in the electricity bus.

Second, the maximum power flowing through the links is limited by their maximum physical capacity F_{ℓ} . For transmission links, $\underline{f}_{\ell,t} = -1$ and $\overline{f}_{\ell,t} = 1$, which allows both import and export between neighbouring countries. For a unidirectional converter e.g., a heat resistor, $\underline{f}_{\ell,t} = 0$ and $\overline{f}_{\ell,t} = 1$ since a heat resistor can only convert electricity into heat.

$$\underline{f}_{\ell,t} \cdot F_{\ell} \le f_{\ell,t} \le \overline{f}_{\ell,t} \cdot F_{\ell} \qquad \forall \ell, t . \tag{7}$$

For interconnecting transmission lines, the lengths l_{ℓ} are set by the distance between the geographical mid-points of each country, so that some of the transmission within each country is also reflected in the optimisation. A factor of 25% is added to the line lengths to account for the fact that transmission lines cannot be placed as the crow flies due to land use restriction. For the transmission lines capacities F_{ℓ} , a safety margin of 33% of the installed capacity is used to satisfy n-1 requirements [10].

Third, for every hour the maximum capacity that can provide a generator or storage is bounded by the product between installed capacity $G_{n,s}$ and availabilities $\underline{g}_{n,s,t}$, $\bar{g}_{n,s,t}$. For instance, for solar generators $\underline{g}_{n,s,t}$ is zero and $\bar{g}_{n,s,t}$ refers to the capacity factor at time t

$$\underline{g}_{n,s,t} \cdot G_{n,s} \le g_{n,s,t} \le \overline{g}_{n,s,t} \cdot G_{n,s} \qquad \forall n, s, t . \tag{8}$$

The maximum power capacity for generators is limited by potentials $\bar{G}_{n,s}$ that are estimated taking into account physical and environmental constraints:

$$0 \le G_{n,s} \le \bar{G}_{n,s} \qquad \forall n, s . \tag{9}$$

The storage technologies have a charging efficiency η_{in} and rate $g_{n,s,t}^+$, a discharging efficiency η_{out} and rate $g_{n,s,t}^-$, possible inflow $g_{n,s,t,\text{inflow}}$ and spillage $g_{n,s,t,\text{spillage}}$, and standing loss η_0 . The state of charge $e_{n,s,t}$ of every storage has to be consistent with charging and discharging in every hour and is limited by the energy capacity of the storage $E_{n,s}$. It should be remarked that the storage energy capacity $E_{n,s}$ can be optimised independently of the storage power capacity $G_{n,s}$.

$$e_{n,s,t} = \eta_0 \cdot e_{n,s,t-1} + \eta_{in} |g_{n,s,t}^+| - \eta_{out}^{-1} |g_{n,s,t}^-| + g_{n,s,t,\text{inflow}} - g_{n,s,t,\text{spillage}}, 0 \le e_{n,s,t} \le E_{n,s} \quad \forall n, s, t.$$
(10)

So far, equations (6) to (10) represent mainly technical constraints but additional constraints can be imposed to bound the solution.

The interconnecting transmission expansion can be limited by a global constraint

$$\sum_{\ell} l_{\ell} \cdot F_{\ell} \le \text{CAP}_{LV} \qquad \leftrightarrow \quad \mu_{LV} , \qquad (11)$$

where the sum of transmission capacities F_{ℓ} multiplied by the lengths l_{ℓ} is bounded by a transmission volume cap CAP_{LV}. In this case, the Lagrange/KKT multiplier μ_{LV} represents the shadow price of a marginal increase in transmission volume.

The maximum CO_2 allowed to be emitted by the system CAP_{CO_2} can be imposed through the constraint

$$\sum_{n,s,t} \varepsilon_s \frac{g_{n,s,t}}{\eta_{n,s}} + \sum_{n,s} \varepsilon_s (e_{n,s,t=0} - e_{n,s,t=T}) \le \text{CAP}_{CO2} \quad \leftrightarrow \quad \mu_{CO2}$$
 (12)

where ε_s represents the specific emissions in CO₂-tonne-per-MWh_{th} of the fuel s, $\eta_{n,s}$ the efficiency and $g_{n,s,t}$ the generators dispatch. In this case, the Lagrange/KKT multiplier represents the shadow price of CO₂, *i.e.*, the additional price that should be added for every unit of CO₂ to achieve the CO₂ reduction target in an open market.

8. Sectors description and data

TODO: Add figure with the sectors included.

8.1. Electricity sector

Hourly electricity demand for every country corresponding to 2015 is retrieved from EU Network Transmission System Operators of Electricity (ENTSO-E) via the convenient dataset prepared by the Open Power System Data (OPSD) initiative [11]. In every country, electricity can be generated by solar PV, onshore wind, offshore wind, Open Cycle Gas Turbines (OCGT), Combined Cycle Gas Turbines (CCGT), coal, lignite, and nuclear power plants and CHP units, with the costs, lifetimes and efficiencies shown in Table 3. Time series representing the hourly capacity factors for solar PV were obtained by converting weather data into solar electricity generation, assuming a uniform capacity layout across every country. Details on the conversion and aggregation methodology can be found in [12], the complete time series dataset is available in 10.5281/zenodo.1321809. CHP units are modelled as extraction condensing units, the feasible space representing the possible combinations of power and heat outputs is included as a constraint in the model, as detailed in [13].

TODO: Describe onshore/offshore time series.

TODO: Describe maximum capacities.

The transmission links between countries are assumed to be high-voltage direct current (HVDC) connections. For 2020 and 2030, the capacities correspond to the values assumed in the ENTSOE Ten-Year

Network Development Plan (TNYDP), see Table 1 and [14]. The values for 2025 are interpolated assuming a liner capacity expansion between 2020 and 2030 for every link. For years from 2035 onwards, capacities are optimized together with the rest of the system components using 2030 values as the lower boundary. TODO: Describe other scenarios

8.1.1. Existing power plants and decommissioning

For conventional technologies, *i.e.* OCGT, CCGT, coal, lignite, nuclear and CHP, installed capacities in every country in 2020 and commissioning dates are retrieved from [6]. A two-step method was implemented to fill commissioning date for power plants whose data was missing. First, for units larger than 50 MW, commissioning dates have been searched and manually added. Then, for smaller units, a Kernel Density Estimation (KDE) approach is used. In essence, for every technology and country, the units with available data are used to create a distribution, which is then used to assign an estimated commissioning date for those units with missing data. For solar PV, the installed capacities in 2020 and the installation dates were obtained by processing annual installed capacities statistics from [7]. For offshore and onshore wind, capacities and age are retrieved from [15].

Existing power plants are assumed to be decommissioned at their corresponding commissioning date plus lifetime (Table 4). When a power plant has been retrofitted, we assume that its operating life is extended by half of its nominal lifetime.

8.2. Heating sector

Annual heat demands for European countries are retrieved from [16]. They are converted into hourly heat demand based on the population-weighted [17] Heating Degree Hour (HDH), that is, heating is assumed to be proportional to the difference between ambient temperature and a threshold temperature. 17°C is assumed as threshold temperature. Ambient temperature is read from the same reanalysis database [18] used to model wind and solar PV time series. TODO: Change to daily profiles? For every country, heating demand is split between high-population density areas and low-population density areas. 44.6% of the European population is estimated to live in the latter [13] where district heating systems can be deployed. In high-density population areas, heating can be supplied by central ground-sourced heat pumps, heat resistors and gas boilers, as well as by CPH units. All the previous technologies are assumed to be integrated in district heating networks. Furthermore, individual air-sourced heat pumps are also allowed in those areas. In low-density population areas, heating can be supplied by individual ground-sourced heat pumps, heat resistors and gas boilers. Costs, lifetimes, and efficiencies of the different technologies are included in Table 3.

The Coefficient of Performance (COP) of heat-pumps depends on ambient or ground temperature to capture the lower COP in winter. COP depends on the difference between the source and the sink temperatures $\Delta T = T_{sink} - T_{source}$. For air-sourced heat pumps (ASHP), $COP = 6.81 + 0.121\Delta T + 0.000630\Delta T^2$, for ground-sourced heat pumps (GSHP), $COP = 8.77 + 0.150\Delta T + 0.000734\Delta T^2$ [19]. The sink water temperature is assumed to be $T_{sink} = 55^{\circ}$ C, the source temperature for air and ground is taken from the same reanalysis database used to estimate heating demand [18]. Thermal energy can be stored in large water pits associated with district heating systems and individual thermal energy storage (TES), *i.e.*, small water tanks. A thermal energy density of $46.8 \text{ kWh}_{th}/\text{m}^3$ is assumed, corresponding to a temperature difference of 40 K The decay of thermal energy $1 - \exp(-\frac{1}{24\tau})$ is assumed to have a time constant of τ =180 days for central TES and τ =3 days for individual TES. Charging and discharging efficiencies are 90% due to pipe losses.

Capacities already existing for technologies supplying heat are retrieved from [20]. For the sake of simplicity, coal, oil and gas boilers capacities are assimilated to gas boilers. Besides that, existing capacitances for heat resistors, ASHP, GSHP and biomass boilers are included in the model.

For high-density population areas, the penetration of district-heating is not optimized, but it is assumed to follow a linear deployment from 2020, when today's penetration is assumed, [21] and Table 2, to full penetration in 2050. The cost of expanding the district-heating networks (Table ??) is added to the total

Table 1: Transmission capacities (MW) for interconnections [14].

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Table 2: Current penetration of district heating in European countries [21].

Country	District heating penetration
AT	0.14
BA	0.0
BE	0.0
BG	0.16
CH	0.04
CZ	0.4
DE	0.14
DK	0.64
EE	0.52
ES	0.0
FI	0.39
FR	0.06
GB	0.02
GR	0.0
$_{ m HR}$	0.07
HU	0.12
ΙE	0.0
IT	0.03
LT	0.56
LU	0.0
LV	0.3
NL	0.04
NO	0.03
PL	0.41
PT	0.0
RO	0.23
RS	0.27
SE	0.51
SI	0.09
SK	0.54

system cost. For Italy, Greece, Spain and Portugal, centralized solutions are disallowed since the higher temperatures make district heating a less attractive option in those countries. Describe other scenarios

8.3. Biomass

Biomass can be used: (a) to produce electricity, (b) to produce heat, (d) in CHP. Mention that we don't consider biogas to be burnt or to be upgraded into biomethane. A conservative approach is followed to estimate biomass potentials in every country. From the JRC-ENSPRESO database [22, 23], the potential estimations for 2030 in the scenario 'medium' are retrieved, but only the types of biomass which are not competing with crops are considered valid. In essence, biomass potentials include only the following items: primary agricultural residues, primary and secondary forestry energy residues including sawdust, forestry residues from landscape care, and municipal waste.

8.4. Levelised Cost of Energy (LCOE)

The Levelised Cost of Energy is defined as the total system cost per unit of consumed energy, that is, including supplied electricity and heating demand.

TODO: Mencionar menor tasa de descuento para las inversiones distribuidas. Describe path of electrification of transport. Add description of hydrogen storage, batteries and methanation.

9. Cost assumptions

Figure 9: Cost evolution assumed for the different technologies.

10. References

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Table 3: Cost assumptions per technology and year. All costs are given in real 2015 money.

Technology ¹	Unit	2020	2025	2030	2035	2040	2045	2050	source
Onshore Wind	€/kW _{el}	1118	1077	1035	1006	977	970	963	[24]
Offshore Wind	\in /kW _{el}	2128	2031	1934	1871	1808	1792	1777	[24]
Solar PV (utility-scale)	\in /kW_{el}	398	326	254	221	188	169	151	[25]
Solar PV (rooftop)	\in /kW_{el}	1127	955	784	723	661	600	539	[26]
OCGT	\in /kW _{el}	453	444	435	429	423	417	411	[24]
CCGT	\in /kW _{el}	880	855	830	822	815	807	800	[24]
Coal power plant	\in /kW _{el}	3845	3845	3845	3845	3845	3845	3845	[27]
Lignite	\in /kW _{el}	3845	3845	3845	3845	3845	3845	3845	[27]
Nuclear	\in /kW _{el}	7940	7940	7940	7940	7940	7940	7940	[27]
Reservoir hydro	\in /kW _{el}	2208	2208	2208	2208	2208	2208	2208	[28]
Run of river	\in /kW _{el}	3312	3312	3312	3312	3312	3312	3312	[28]
PHS	\in /kW _{el}	2208	2208	2208	2208	2208	2208	2208	[28]
Gas CHP	\in /kW _{el}	590	575	560	550	540	530	520	[24]
Biomass CHP	\in /kW _{el}	3500	3400	3300	3224	3150	3075	3000	[24]
Coal CHP	\in /kW _{el}	1900	1880	1860	1841	1822	1803	1783	[24]
Biomass central heat plant	\in /kW _{el}	890	865	840	820	800	780	760	[24]
Biomass power plant	\in /kW _{el}	3500	3400	3300	3224	3150	3075	3000	[24]
HVDC overhead	€/MWkm	400	400	400	400	400	400	400	[29]
HVDC inverter pair	\in /MW	150000	150000	150000	150000	150000	150000	150000	[29]
Battery storage	€/kWh	232	187	142	118	94	84	75	[24]
Battery inverter	\in /kW_{el}	270	215	160	130	100	80	60	[24]
Electrolysis	\in /kW_{el}	600	575	550	537	525	512	500	[24]
Fuel cell	\in /kW_{el}	1300	1200	1100	1025	950	875	800	[24]
H ₂ storage underground	€/kWh	3.0	2.5	2.0	1.8	1.5	1.4	1.2	[24]
H_2 storage tank	€/kWh	57	50	44	35	27	24	21	[24]
DAC (direct-air capture)	\in /(tCO ₂ /a)	250	250	250	250	250	250	250	[30]
Methanation	\in /kW_{H_2}	1000	1000	1000	1000	1000	1000	1000	[31]
Central gas boiler	\in /kW _{th}	70	65	60	60	60	60	60	[24]
Decentral gas boiler	\in /kW _{th}	312	304	296	289	282	275	268	[24]
Central resistive heater	\in /kW _{th}	70	65	60	60	60	60	60	[24]
Decentral resistive heater	\in /kW _{th}	100	100	100	100	100	100	100	[31]
Central water tank storage	€/kWh	0.6	0.6	0.5	0.5	0.5	0.5	0.5	[24]
Decentral water tank storage	€/kWh	18	18	18	18	18	18	18	
Decentral air-sourced heat pump	\in /kW _{th}	940	894	850	827	804	782	760	[24]
Central ground-sourced heat pump	\in /kW _{th}	657	625	592	577	562	547	532	[24]
Decentral ground-sourced heat pump	\in /kW _{th}	1500	1450	1400	1349	1299	1250	1200	[24]

¹ Add item.

Table 4: Efficiency, lifetime and FOM cost per technology (values shown corresponds to 2020).

Technology	FOM ^a	Lifetime	Efficiency	Source
	[%/a]	[a]		
Onshore Wind	1.3	27		[24]
Offshore Wind	1.9	27		[24]
Solar PV (utility-scale)	3.0	30		[25]
Solar PV (rooftop)	2.0	30		[26]
OCGT	1.8	25	0.42	[24]
CCGT	3.3	25	0.59	[24]
Coal power plant	1.6	40	0.33	[27]
Lignite	1.6	40	0.33	[27]
Nuclear	1.4	40	0.33	[27]
Reservoir hydro	1.0	80	0.9	[28]
Run of river	2.0	80	0.9	[28]
PHS	1.0	80	0.75	[28]
Gas CHP	3.3	25		[24]
Biomass CHP	3.6	25		[24]
Coal CHP	1.6	25	1.0	[24]
Biomass central heat plant	5.8	25	1.0	[24]
Biomass power plant	3.6	25	0.31	[24]
HVDC overhead	2.0	40		[29]
HVDC inverter pair	2.0	40		[29]
Battery storage	0.0	20		[24]
Battery inverter	0.2	20	0.9	[24]
Electrolysis	5.0	25	0.64	[24]
Fuel cell	5.0	10	0.5	[24]
H_2 storage underground	2.0	100	1.0	[24]
H_2 storage tank	1.1	25		[24]
DAC (direct-air capture)	4.0	30		[30]
Methanation	3.0	25	0.6	[31]
Central gas boiler	2.8	25	1.0	[24]
Decentral gas boiler	0.1	20	0.97	[24]
Central resistive heater	1.5	20	0.99	[24]
Decentral resistive heater	2.0	20	0.9	[31]
Central water tank storage	0.5	20		[24]
Decentral water tank storage	1.0	20		
Water tank charger/discharger			0.9	
Decentral air-sourced heat pump	0.0	18		[24]
Central ground-sourced heat pump	0.3	25		[24]
Decentral ground-sourced heat pump	0.0	20		[24]

^a Fixed Operation and Maintenance (FOM) costs are given as a percentage of the overnight cost per year.

^b Hydroelectric facilities are not expanded in this model and are considered to be fully amortized.

^c Efficiency for Combined Heat and Power (CHP) plants depends on the electricity/heat output and it is modelled as described in the text.

^d Coefficient of performance (COP) of heat pump is modelled as a function of temperature, as described in the text.

^e Investments in methanation and DAC are not allowed independently, only together as 'Methanation+DAC', see text.

The costs for distribution infrastructure and building retrofitting are approximate (see text) and they are therefore not detimised or included in the presented total system costs, but calculated retrospectively and analysed in the text.

Table 5: Costs and emissions coefficient of fuels.

Fuel	Cost	Source	Emissions	Source
	$[\in/\mathrm{MWh}_{th}]$		$[tCO_2/MWh_{th}]$	
coal	8.2	[32]	0.336	[33]
lignite	2.9	[28]	0.407	[33]
gas	20.1	[32]	0.201	[33]
nuclear	2.6	[27]	0	
solid biomass	25.2	[22, 34]	0	

^a Raw biomass fuel cost is assumed as the middle value of the range provided in the references for different European countries and types of sustainable biomass.

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