

Article

Adaptable Energy Systems Integration By Modular, Standardized and Scalable System Architectures: Necessities and Prospects of Any Time Transition

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1 **Abstract:** Energy conversion and distribution (heat and electricity) is characterized by long planning
2 horizons, investment periods and depreciation times, and it is thus difficult to plan and tell the
3 technology that optimally fits for decades. Uncertainties include future energy prices, applicable
4 subsidies, regulation, and even the evolution of market designs. To achieve higher adaptability to
5 arbitrary transition paths, a technical concept based on integrated energy systems is envisioned
6 and described. The problem of intermediate steps of evolution is tackled by introducing a novel
7 paradigm in urban infrastructure design. It builds on standardization, modularization and economies
8 of scale for underlying conversion units. Building on conceptual arguments for such a platform, it
9 is then argued how actors like (among others) municipalities and district heating system operators
10 can use this as a practical starting point for a manageable and smooth transition towards more
11 environmental friendly supply technologies, and to commit to their own pace of transition (bearable
12 investment/risk). Merits are not only supported by technical arguments but also by strategical and
13 societal prospects like technology neutrality and availability of real options.

14 **Keywords:** energy infrastructure design; system architecture; energy transition; district heating
15 systems (DHS); energy hubs; distributed multigeneration (DMG); multi-energy systems (MES); urban
16 energy systems (UES); community energy; societal prospects

17 **PACS:** 88.80.Kg, 88.80.Cd, 89.65.Lm, 88.05.Jk, 88.05.Sv

18 **1. Introduction**

19 Many countries show a high heat demand [1] which goes along with significant carbon emissions.
20 One means to decarbonize the heat supply is given by more efficient combined heat and power (CHP)
21 approaches. While CHP is one specific technology that integrates heat and power delivery, other grids
22 can be considered for integration as well: For instance, natural gas can be stored in pipelines with
23 neglectable losses, while electricity can be transmitted efficiently over long distances. As lower costs
24 for generation, storage and electricity network expansion are likely, the integration of different energy
25 systems has recently received a lot of intention.

26 However, despite thinkable benefits, planning of integrated energy systems generally involves a
27 high level of uncertainty concerning future demand, prices and regulation. Uncertainty thus translates
28 into financial risk and threatens the profitability. Naturally, risk-averse investors do favour simpler
29 projects with a guaranteed profitability. Therefore, only few integrated systems have actually been
30 implemented in the real world.

31 Looking into the profitability of planned projects, the analyses often build on tight calculations. [2,
32 3] For instance, the return on invest is often low while payback times are found to be high, even if

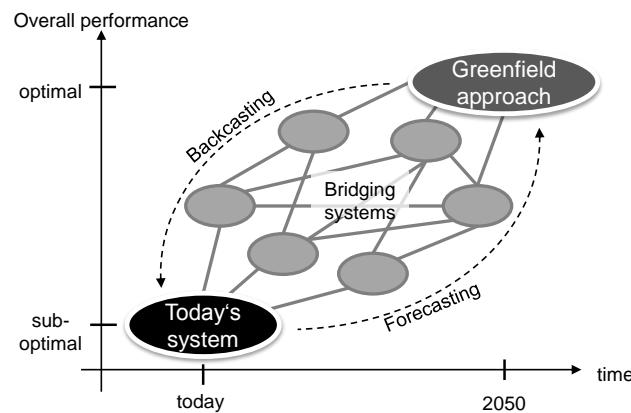


Figure 1. Vision of transition paths to final greenfield optimality, adapted from [6]

33 additional business cases like the provision of operating reserve to connected grids from such systems
 34 is considered.

35 One way to deal with uncertainty is the application of portfolio theory [4] and a thorough
 36 consideration of risk scenarios. However, in an ideal world, uncertainty would be managed by
 37 implementing new technologies in small portions, i.e., incrementally. As time progresses, energy
 38 demand, prices and regulation do not only evolve over time but do also become more assured. This
 39 way, the (remaining) riskiness of the (remaining) project is reduced successively by growing know-how
 40 and expertise from the parts already implemented, and by diminishing uncertainty of the business case.
 41 The course of implementation can thus be changed by the management, so that the final realization
 42 might differ from the initially projected system. This way of managing a business by gradually learning
 43 from actual realizations of uncertain parameters is called *real options management*, and a successor of
 44 *multi-stage investment*. Multi-stage investment into integrated energy systems and the consideration
 45 of real options have been successfully proposed and applied in case studies. [5] Besides, many other
 46 researchers have stated and analyzed the necessity to deal with intermediate steps to improve systems
 47 step by step. Especially, the term *bridging systems* was presented in the context of planning and
 48 realization stages of integrated energy systems in [6] (Figure 1).

49 However, in reality, both the vision presented in [6] and the case studies analyzed in [4] and [5]
 50 remain theoretic for the following reasons: investments in generation capacity are characterized as
 51 large-scale infrastructure projects, which are defined by high capital intensity and long investment
 52 periods (e.g., depreciation times of 50 years for large power stations). Most strikingly, such an
 53 investment is normally neither scalable nor separable. While the lack of scalability means incremental
 54 investments are not possible, inseparability also means the entire investment has to be done by one
 55 investor. So, the current situation in investment planning for energy supply is best described as
 56 *all-or-nothing* and *atomic*.

57 To this end, this paper will contribute with a suggestion of tangible guiding principles that will
 58 render a step-wise and thus more feasible transition possible. The conceptual architecture is best
 59 thought of as an infrastructure platform. Once this platform has been implemented, different supply
 60 technologies can be integrated successively. Therefore, the proposed architecture involves a paradigm
 61 change for future planning and optimization of energy supply.

62 In this work, we mainly address (among others) municipal heat suppliers, district heating system
 63 operators and policy makers to propose a novel technical system architecture. This architecture is meant
 64 to function as a cost-effective enabler of arbitrary transition paths for the physical implementation of
 65 energy supply.

66 To summarize it, the main contributions of this paper are thus:

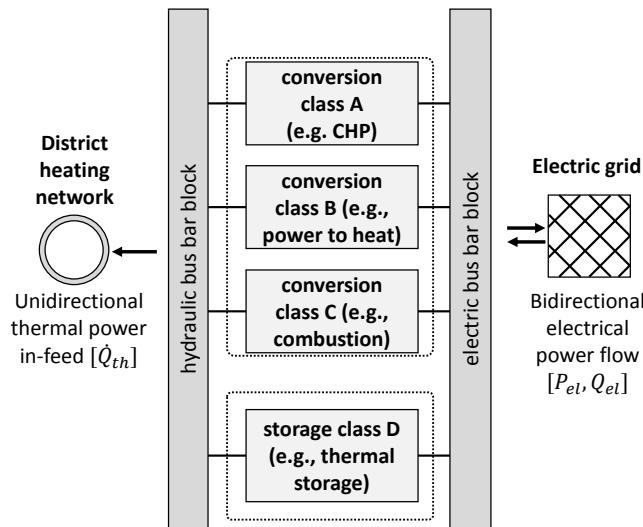


Figure 2. Abstract perspective on key elements of the architecture: energy conversion and storage units are modularized and can easily be snapped into the platform to connect to different networks

- A technical concept building on modularity, standardization and scalability is presented at a helpful level of abstraction but including detailed notes on implementation. ([section 2](#))
- The notion of adaptability is introduced in the context of sustainable energy infrastructure. ([section 2](#))
- A case study shows an exemplary system's evolution, which is enabled by the presented architecture. ([section 3](#))
- Positive technical, strategical and societal prospects are discussed. ([section 4](#))
- The connection to other concepts and visions of energy systems integration is shown to highlight compatibility and thus direct implementability. (Appendix)

76 2. Envisioned technical system architecture of future infrastructure and supply

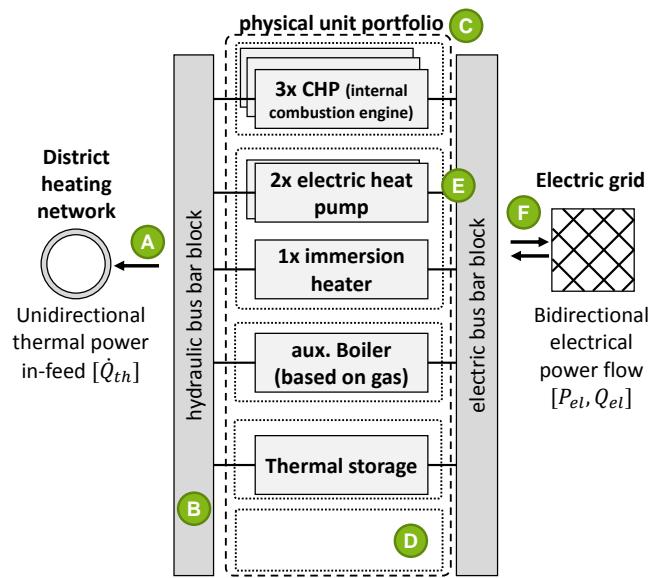
77 This section presents the developed concept of future energy systems integration. Although
 78 generally adaptable to other energy carriers, the presentation in this paper is focused on the provision
 79 of heat and electricity in proximity to the customer.

80 2.1. Overview of basic elements of the architecture

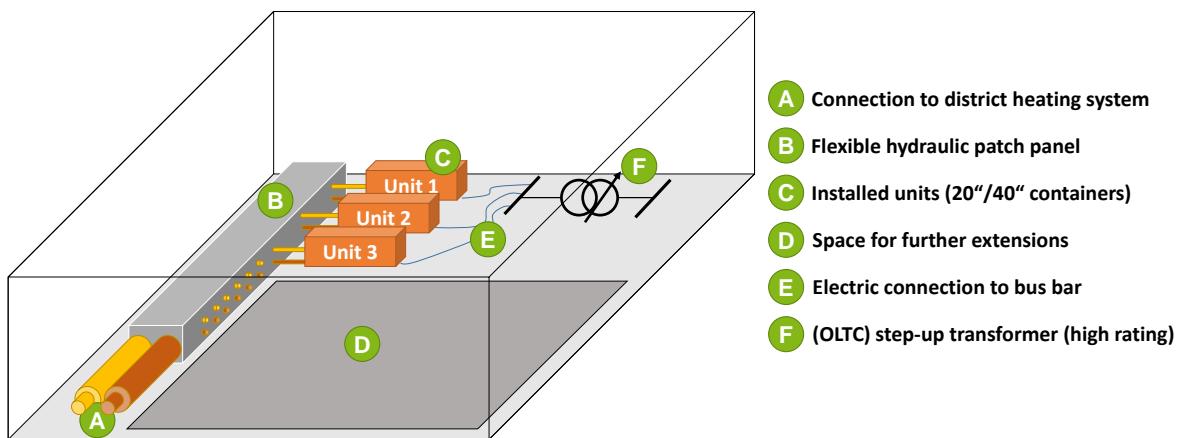
81 As shown in [Figure 3](#), the system comprises different **classes of conversion and storage units**.
 82 Conversion units are classified by the type of conversion, which is their input-output-connection of
 83 different energy carriers. For instance, combined heat and power (CHP) is one class of conversion
 84 units as these units convert natural gas into heat and electricity. An electric heat pump, however, can
 85 be characterized as belonging to another such class, because electricity is converted to heat. Other
 86 classes might not include a direct conversion, but store energy by charging and discharging. Such
 87 elements are included in the classification.

88 In reality, the realization of conversion classes is achieved by installation of physical conversion
 89 units. Of course, a mix of different conversion units from different vendors might still belong to the
 90 same class of conversion units. Naturally, this architecture does not require the installation of certain
 91 classes or even conversion units. So, the mix of conversion units can be chosen by the corresponding
 92 system integrator. Note that a mix of conversion and storage units is also referred to as a **unit portfolio**
 93 (or even portfolio in short).

94 As discussed in the introduction, even if a certain unit portfolio is envisioned for the future
 95 ([Figure 1](#)), it is possible that significant changes have to be made to the installation. To account for



(a) Exemplary specific configuration of a unit portfolio with different technologies being modularly integrated



(b) Floor layout indicating one practical implementation of the system architecture (not to scale)

Figure 3. Overview of system architecture with thinkable, fully optional modules (none mandatory, all to be implemented at will and at any time)

96 this inherent management flexibility, the architecture also requires that a significant share of the space
97 within the physical platform is devoted to future extensions or changes.

98 All units are therefore connected to the distribution infrastructure. The chosen portfolio is able
99 to cover a given electrical and thermal supply task. On the left hand side of the conversion units
100 (both in [Figure 2](#) and [Figure 3](#)), there is a bus bar like hydraulic configuration box that is itself directly
101 connected to the district heating network (DHS).

102 On the right hand side, we find the system block for the electric connection. As for conventional
103 generation in huge central power stations, it is likely that a generator step-up transformer (GSU)
104 behind the busbar interfaces the station and the electric grid ([Figure 3b](#)).

105 In this conceptual systems perspective, it is assumed that *all* available conversion units are
106 connected to both networks, i.e., electricity and district heating. Some units might additionally be
107 connected to another supply like gas mains, but the explanations here focus the supply perspective
108 and thus omit such energy carriers for easier comprehension.

109 So, once the system has been set up it is able to provide heat [\dot{Q}_{th}] to the district heating system,
110 and to provide electric power [P_{el}, Q_{el}] to the electric grid. While heat cannot be consumed from the
111 grid ($\dot{Q}_{th} \geq 0$), it is possible to convert electric power to heat by using corresponding conversion units.
112 In this case, $P_{el} \leq 0 \wedge Q_{el} \leq 0$ is possible as well. For instance, electric heat pumps and immersion
113 heaters consume electric power to provide heat.

114 2.2. Physical modularity and standardization of conversion and storage units

115 Even today, small- and medium-scale CHP units are situated in intermodal containers. But in
116 fact, there are many more energy-related systems which are encapsulated in intermodal containers,
117 e.g., battery energy storage systems, thermal storage, and even static synchronous compensators
118 (STATCOM). These containers are known as 20 or 40 feet freight containers [7]. The advantage of such
119 a packaging is given by the easier transportation to the final destination by trucks, and by the standard
120 equipment for handling them by cranes. This decreases costs for both decision-making and handling
121 of novel conversion units. [8]

122 If each unit is packed into a container, then one (conversion or storage) unit equals one module.
123 In contrast to current practice, it is therefore mandatorily required by this architecture that all units are
124 actually encapsulated in intermodal containers with identical hydraulic and electric connectors. As a
125 consequence, installed capacity and quality of supply can easily be controlled by installing additional
126 modules. Besides, it is also possible to replace or decommission them at any time because handling and
127 transportation is so easy. Modularity therefore also translates into *scalability*, which further facilitates
128 planning and integration.

129 2.3. Integration into the electric grid

130 As the actual mix of conversion units is not specified but depends on the specific economic and
131 environmental conditions, the entirety of conversion units can act as a load, as an in-feed or as a
132 neutral element at the interconnection point with the electric grid. As the successive fine-tuning of
133 the generation portfolio should not restrict the modes of operation, a sufficient electric connection is
134 necessary. As this paper is meant to propose a certain architectural thinking, exact numbers are not
135 named here. Instead, it is suggested to keep future changes of requirements in mind when setting up
136 the platform for the first time, so in general, the connection (right hand side in [Figure 3](#)) should bear a
137 certain reserve in capacity for the most likely (i.e., already anticipated) future development to be called
138 sufficiently large.

139 First of all, congestions by thermal and voltage limits of the lines should be circumvented by
140 connecting to a sensibly high (available) voltage level. Using an independent feeder might also
141 help mitigate line overload and interaction with other loads. Depending on regulation, it might
142 be required from the DSO or TSO to equip the generator step-up transformer (GSU) with on-load



Figure 4. Example for flexible configuration of the hydraulics

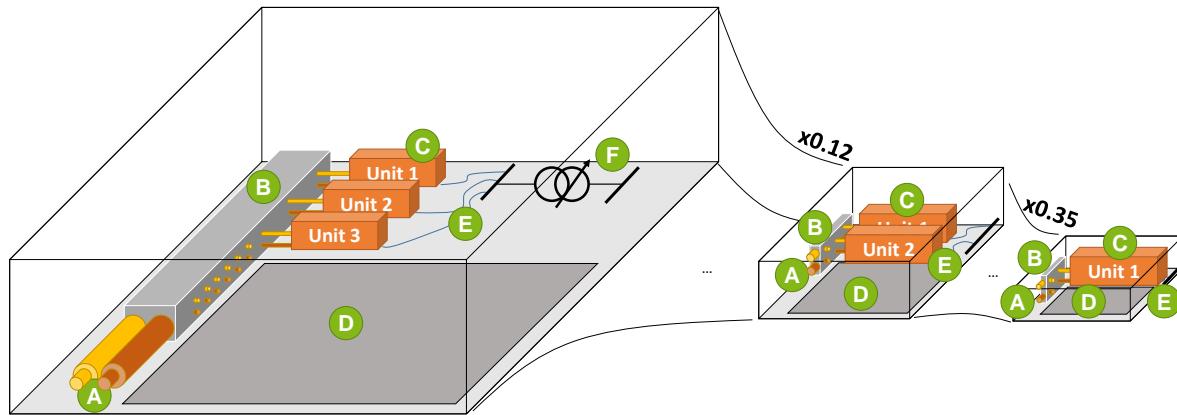


Figure 5. Three exemplary configurations as a response to different spatial requirements indicate general scalability and universality of the system architecture

143 tap changer (OLTC) capabilities to react to voltage deviations or reactive power requirements at the
 144 interface between station and electric grid.

145 Again, these considerations depend on the specific case. By committing to the above principles,
 146 the inherent flexibility of the conversion units to provide active and reactive power to higher voltage
 147 levels can potentially be used in the future. This can come in hand as big (inert) generators are
 148 successively disconnected from the grid, and ancillary services have to be provided by a mix of
 149 different controllable supply technologies including intermittent generation from renewable energy
 150 sources.

151 2.4. Hydraulic integration into the district heating system

152 The freedom of controlling the mode of operation in the future is also necessary for the supply of
 153 heat: A reconfigurable hydraulic setup box is used to allow serial, parallel and mixed configurations
 154 depending on the current necessities (Figure 4). The hydraulic setup is deliberately treated as a black
 155 box model. Its purpose is to ascertain the compatibility of different conversion and storage units by
 156 providing an interface to the DHS that works independent of qualities like temperatures and mass
 157 flow rates. The necessity is especially given if there are different kinds of conversion units [9].

158 The ability to reconfigure the units' thermal input and output ports is an important feature for
 159 future replacements of individual units. However, the feature is also beneficial to cope with seasonal
 160 changes of the supply temperature (which is driven by ambient temperature), and by changes in the
 161 (spatial) load distribution. Hence, such reconfigurations are likely to happen multiple times per year.

162 Technically, these requirements can be fulfilled by a system of controllable valves and/or low loss
 163 headers. Both elements are readily available for different ratings and other design parameters.

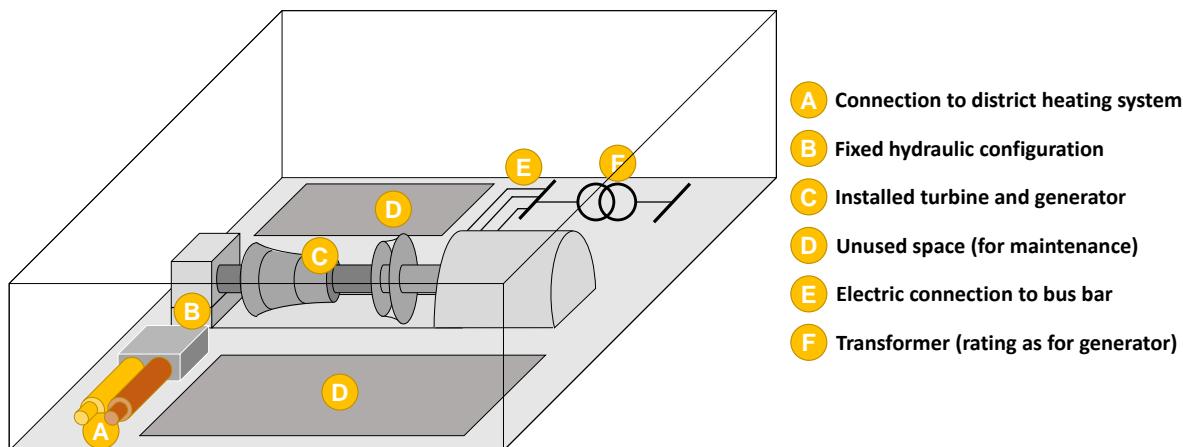


Figure 6. Typical combined heat and power generation based on a steam or gas turbine and a generator

164 2.5. Spatial integration into the urban built environment (spatial planning perspective)

165 The floor plan in [Figure 3b](#) is a rather large example of existing heat station facilities. However,
166 many cities do in fact comprise brownfields with good connectivity to electric grid and DHS. As they
167 might be found in different locations, and in differing qualities and sizes, the general applicability
168 for arbitrary available brownfields is visually indicated by [Figure 5](#). It shows three floor plans which
169 differ significantly in size while still maintaining the most important features of this architecture. The
170 hereby proved scalability of the entire platform also indicates the possibility to split the system if
171 necessary. For instance, if multiple units are needed to cover the local heat demand, but there is no
172 facility available that offers enough contiguous space, then a higher number of (semi-)distributed
173 facilities can be set up instead of a central one.

174 To sum it up, this architecture requires to stick to the maxim of adaptability. Consequently, easy
175 reconfiguration of the hydraulics must be possible, units must always come in intermodal containers,
176 and extra space should be allocated for future extensions or redesign.

177 3. Exemplary hypothetical evolution of a realized system over decades

178 It is assumed that a given turbine-based energy supply lacks cost-effectiveness and is thus
179 scheduled for decommissioning. [Figure 6](#) shows a corresponding large-scale CHP unit as it is
180 typically found in many DHS. As soon as the facilities have been reworked according to the suggested
181 architecture ([Figure 3b](#)), the former heat and power station has the function of an infrastructure
182 platform. From now on, (future) supply systems can be implemented at will.

183 In [Figure 7](#), the example is broken down to five devised stages. It is furthermore assumed for this
184 example that each of the assumed stages lasts for six to ten years, so an evolution over, e.g., 30 years is
185 shown.

186 The first transition of the system is a typical **starting point** ([Figure 7a](#)) that is highly realistic for
187 today's urban energy supply. By building on three block-type CHP units and an auxiliary boiler, the
188 implemented system is fully compatible with the requirements of the architecture, and the units are in
189 fact cost effective in today's price and regulation regime.

190 In a **second stage** ([Figure 7b](#)), the national government has set up a fund for projects that build
191 on geothermal heat. Therefore, in this stage, a drilling project has succeeded, and two electric heat
192 pumps are commissioned.

193 In the **third stage** ([Figure 7c](#)), the heat demand of the stock of urban buildings has decreased
194 significantly due to strong modernization efforts by different institutional real estate investors.
195 Consequently, the auxiliary gas boiler (with the highest specific heat prices) is decommissioned.

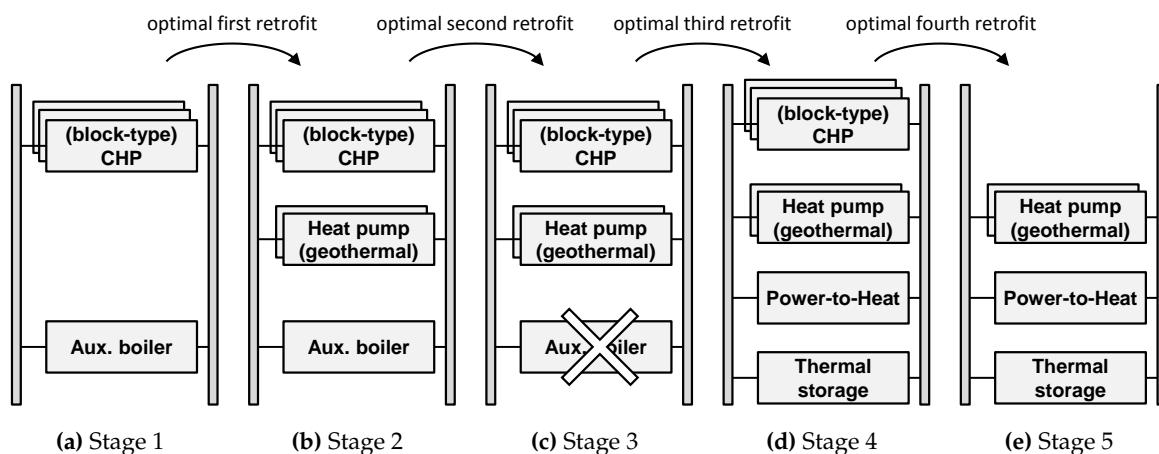


Figure 7. Assumed evolution of a configuration over years and decades

196 The **fourth stage** (Figure 7d) builds on the assumption that numerous big generators are now
197 missing in the electrical grid. Therefore, the capacity prices for ancillary services have been increased
198 dramatically, and an investment in power-to-heat and thermal storage is finally favourable. Costs are
199 covered by a market driven operation that takes into account the revenues from operating reserve
200 while covering the heat demand.

201 In the **final stage** (Figure 7e), it is furthermore assumed that two effects once again change
202 the optimal unit portfolio: On the one hand, the carbon taxation of fuels (i.e., natural gas) has
203 been increased by a new ordinance for environmental reasons, on the other hand, the integration of
204 generation from RES has progressed significantly over the past years. Of course, with the previous
205 investments into additional installed capacity, the CHP units are obsolete now, and their operation is
206 not cost effective. As a general overhaul is due, they are simply decommissioned, uninstalled, and not
207 expected to be replaced.

208 This sample story is able to once again highlight necessity and change of optimality (as opposing
209 to greenfield optimality assumed in [6], and discussed above), and it shows how the adaptivity of the
210 system architecture is enabling efficient reconfigurations whenever needed.

211 Of course, initial retrofitting of existing facilities, or erection of the platform respectively involves
212 (additional) up-front costs. To argue the necessity of implementing the proposed architecture, different
213 advantages of an implementation are argued from a highly conceptual and thus more abstract
214 perspective in the following section.

215 4. Technical, strategical and societal prospects of the introduced adaptability

In subsection 4.1, the meaning and foundation of *adaptability* are discussed in the context of energy supply. Based on this concept, the added value brought by the infrastructure is argued in subsection 4.2 to subsection 4.5. Afterwards, thinkable actors that might benefit from such an investment are presented (subsection 4.6).

220 4.1. Adaptability as an indicator for the sustainability of systems

221 The value proposition of this architecture is best described by the word *adaptability*. Therefore, the
222 following [Definition 1](#) following [10] shall be used:

223 Definition 1 (Adaptability). *Adaptability is the quality of being able to adjust to new conditions.*

Table 1. Analogy to factory transformability features

Key element of this architecture	Note on physical implementation	Changeability enablers [11]	
Adaptability	Scalability, Modularity	Block-type units in intermodal containers (as defined in ISO 668 [7])	Scalability Modularity Mobility
	Standardization	Hydraulic matrix setup and electric grid connection Defined connectors and outlets for all units Inherent feature of electric power and heat (commodities)	Compatibility Universality

224 In the context of energy systems, the notion of *adaptability* involves the adjustability of (1) the
 225 (original) configuration of conversion units, (2) the specific operation, (3) the use/value that is brought
 226 by the operation of the system.

227 In fact, *transformability* was identified as a key element in factory planning [11]. The authors also
 228 identify certain enabling elements that have to be followed to ascertain transformability (in analogy to
 229 the suggested adaptability). These are called *changeability enablers* and comprise universality, scalability,
 230 modularity, mobility, und compatibility. The analogy to a factory as an infrastructure can thus be used
 231 to additionally discuss the architecture from factory planning perspective.

232 Following Table 1, it becomes clear that all aspects of *transformability* suggested in [11] have been
 233 implemented by the platform. However, it also becomes clear that key concepts from factory planning
 234 cannot be copied and applied one by one. Instead, a mapping is necessary, e.g., *standardization* is
 235 best argued by *compatibility* and *universality*, and the physical implementation even comprises three
 236 different aspects. Interestingly, the aspect of *mobility* is covered indirectly because of the mandatory
 237 use of *intermodal containers* although it is not even a key element of this architecture.

238 Building on this adaptability, four categories of added value can be identified, which are used to
 239 structure the following discussion:

- 240 1. Lower cost of redevelopment and redesign,
- 241 2. lower cost of installation and system integration,
- 242 3. compatibility with future markets, and
- 243 4. local concentration, economies of scale and continuous controllability.

244 It should be noted that these categories are not mutually exclusive. Instead, they support one another
 245 and are interdependent. Figure 8 depicts the hierarchy of enabling elements of the architecture and
 246 prospects for a system operator on a high level of abstraction.

247 4.2. Lower cost of redevelopment and redesign of portfolios

248 As soon as the proposed architecture is realized, it acts as a platform for future evolutions of
 249 conversion and generation. Changes to the portfolio can then be done at relatively low cost. However,
 250 each stage of redesign or optimization still has to be planned and calculated. So, the costs for planning
 251 and designing future (successive) systems rather depend on the availability of software tools and
 252 engineering knowledge in the field of energy systems.

253 Compatibility to numerous fields of research and existing system descriptions is in fact given
 254 (cf. appendix for details). This includes *multi energy systems* (MES) [12], *distributed multi generation*
 255 (DMG) [13], *the energy hub* [6,14], and *urban energy systems* (UES) [15]. Therefore, all simulation
 256 and optimization tools and studies that deal with optimal design, placement, operation, or market
 257 integration can be reused, which is an important feature to ensure low planning costs.

258 For instance, to connect to the introduction, the case studies in [4] and [5] were conducted with
 259 energy hub and MES in mind. However, both approaches remain on a high abstraction level where
 260 the installation of additional units is directly possible. So, it was not discussed in their contributions
 261 if their optimal design is actually technically feasible, or if spatial constraints hinder the optimal
 262 implementation. In addition, even if technical feasibility was given, it is likely that high transaction

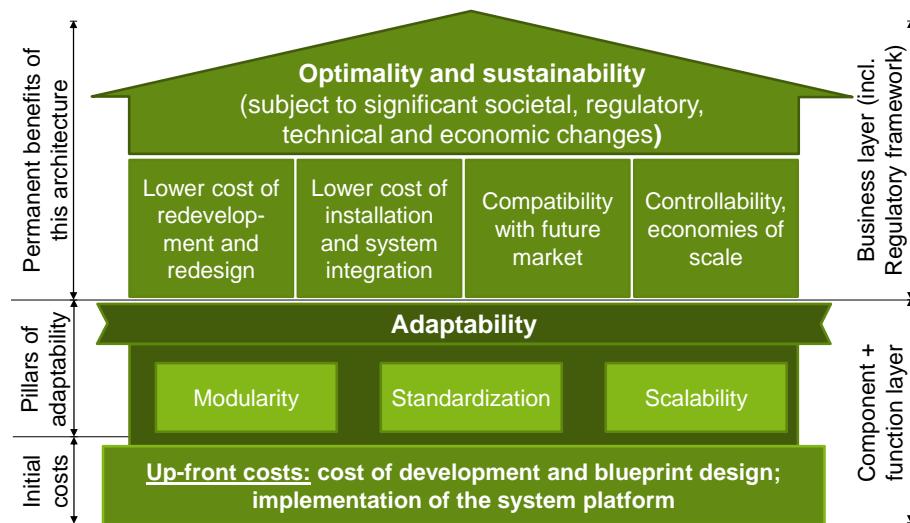


Figure 8. Conceptual view on the hierarchy of enabling elements of the infrastructure and derived benefits of an implementation

263 costs would have been involved for an actual realization. Consequently, the here proposed architecture
 264 builds the foundation for both case studies to be rolled out in practice, and supports their optimization
 265 approaches with practical evidence of applicability, which is a strong contribution.

266 *4.3. Lower cost of installation and system integration*

267 A reference case for comparison is given by decentralized installation of the same equipment in
 268 individual buildings (e.g., hospitals, residential buildings, office buildings). Due to the diversity of
 269 conditions found in buildings, which means the siting in the given space, the procurement of additional
 270 components, and even the wiring thereof has to be tailored to the conditions and expectations of the
 271 individual customer then. According to [16], this system integration accounts to additional 39 % to
 272 76 % of the module cost of block-type CHP units alone. These costs do not even include planning,
 273 expert's reports or the request for bids (in a public bidding process). So, the sum of all these expense
 274 factors renders a significant share of all projects uneconomic.

275 However, as soon as the proposed architecture is implemented, these costs are significantly
 276 reduced. The same is true for the installation since all modules can be transported at low costs.

277 *4.4. Long-term market compatibility*

278 *4.4.1. Access to new markets*

279 As procurement prices differ for energy depending on the sales volume of the customer, bulk
 280 buyers have a competitive advantage in contrast to, e.g., domestic customers. According to [17], this is
 281 one of the main reasons why distributed CHP units for smaller buildings are often not cost-effective.
 282 Consequently, they depend much more on subsidies.

283 With this architecture, this competitive advantage is maintained, i.e., procurement of natural gas
 284 is relatively low despite the use of the units typically found for smaller scale application. In addition,
 285 certain markets are only available with a certain market power, e.g., spot markets and over-the-counter
 286 trading for electricity are possible due to the aggregation of generation capacity.

287 *4.4.2. Market compatibility by fit: Generation capacity and quality*

288 If long-term market compatibility shall be guaranteed, an increase and decrease in generation
 289 capacity must be possible in the short- to medium-term. Due to the high stress of the ICE of many

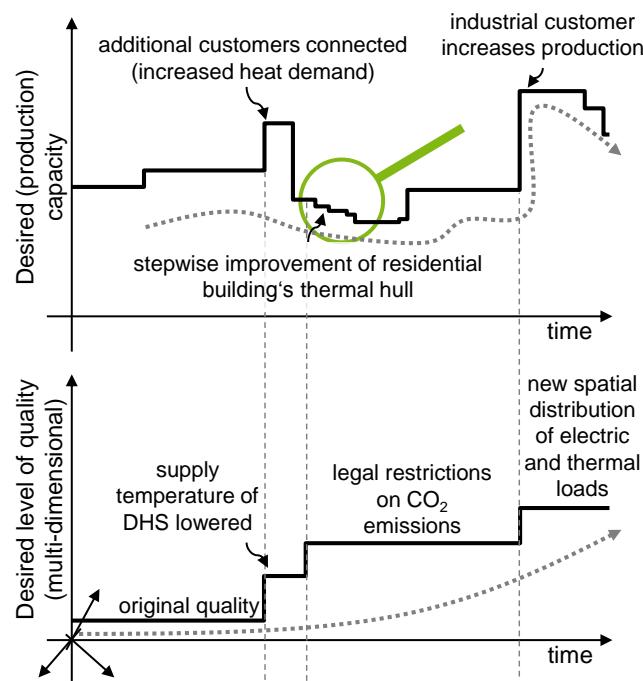


Figure 9. Qualitative difference between pure generation power and the associated quality of supply (deliberately without time and capacity scale)

290 CHP units, a revision or general overhaul is required every 25.000 to 35.000 operating hours [18].
 291 Consequently, for this exemplary technology, a transition towards a different stock of units change
 292 might be possible every five to seven years (at 5.000 full load hours). In practice, for a given mix of
 293 conversion units, it is likely that even in short term one unit is due for replacement. This is a direct
 294 consequence of the modularity.

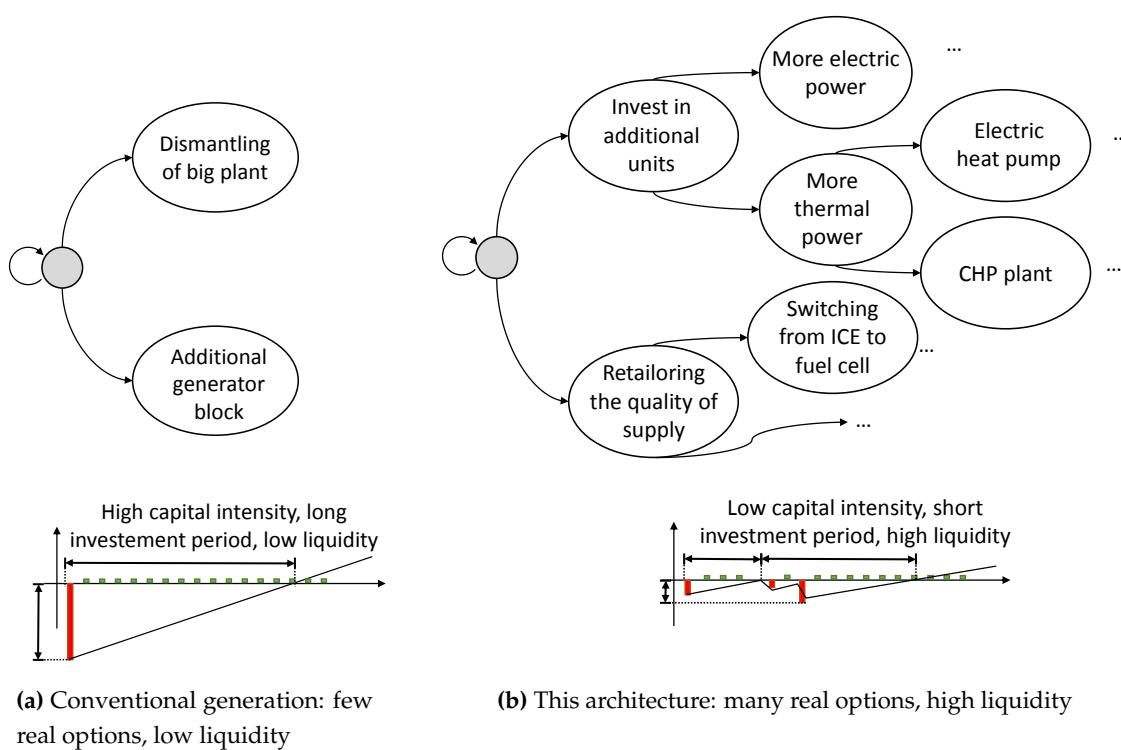
295 Another advantage that can be drawn from the modularity is the changability of quality of supply.
 296 For instance, regulators might introduce a legal limit on thermal losses or emissions of carbon dioxide
 297 equivalents, or even the level of noise emissions. As the combined (electro-thermal) supply task in the
 298 urban built environment changes continuously [19], the ratio of electric and thermal power output (i.e.,
 299 the electric CHP coefficient σ_{el}) can be manipulated by switching to a different technology.

300 Every single requirement discussed above might generally add another dimension of quality. So,
 301 the notion of quality is much more extensive than the examples above, and it can be argued that the
 302 desired level of quality (although abstract) can generally be expected to increase. A visual concept of
 303 the dimensions of capacity and quality can also be found in Figure 9.

304 *4.5. Local concentration, economies of scale and continuous controllability*

305 *4.5.1. Local concentration and economies of scales*

306 This architecture recommends to use the highest available voltage level, which can be any voltage
 307 level starting from low voltage (LV) though. However, even in this worst case scenario the bundling
 308 of conversion units to one facility leads to low costs for information and communication (ICT) and
 309 metering. If medium or high voltage grid are available for connection, all advantages of the centralized
 310 generation are maintained for this architecture. Please note that the comparison has to be drawn with
 311 a fully decentralized energy supply, which involves, for instance, rooftop PV and CHP units in the
 312 basement of buildings. Naturally, the fully decentralized scheme involves higher costs.



313 (a) Conventional generation: few
314 real options, low liquidity

315 (b) This architecture: many real options, high liquidity

316 **Figure 10.** Availability of real options may inhibit (left) or support (right) the adaptability of a portfolio, and affects the quality of the associated investment cash flows (investment period and capital intensity)

313 The improved market access discussed above can also be argued as part of the *economies of scales*,
314 and different economies of scales can be identified in the fields of public bidding processes for new
315 generation units, technical personnel (for maintenance), and in operation (and optimization thereof).

316 **4.5.2. Continuous controllability by available real options**

317 The continuous responsiveness to changes in the desired quality or capacity of supply can also be
318 understood as the provision of real options. There are numerous thinkable changes to the installed
319 base of conversion units, as indicated in Figure 10. This includes (but is not limited to) additional units,
320 fewer units, different units and a changed operation of units. It should be noted that such changes are
321 possible at any time, although probably only conducted every five to ten years. It must also be stated
322 that the availability of these options has an inherent value even if none of the options is ever (!) called.
323 The reason is that both actual losses and lost profits can be avoided by actively managing the portfolio
324 of generation units.

325 As stated above, many CHP units must regularly undergo a general overhaul anyway, which
326 means that the granularity of changes is high. This also helps to understand why there are more
327 (and better) real options for this architecture available (Figure 10b) than for the case of conventional
328 generation (Figure 10a). In addition, the more manageable size of changes directly leads to a higher
329 financial liquidity, so both the dimension of time and corresponding financial resources can be
330 improved.

331 The value of these real options can be roughly estimated by applying the methodology presented
332 in [5] to a scenario of demand and economic conditions, but this is out of the scope of this paper.

333 4.6. *Thinkable actors for an implementation (and business cases)*

334 For such a platform the categories of *research, funding, ownership* and *operation* can be considered
335 independently. Here we omit the initial research and focus on funding, ownership and operation
336 instead:

337 Generating companies (GenCos) might be able to build a business case on this architecture by
338 focusing on the by-product of heat, i.e., instead of erecting other big central generators, a certain share
339 of the marketable electric energy might be covered locally. In comparison to the status quo, this can
340 be thought of as cutting a portion of the current generation portfolio into manageable chunks, siting
341 them in the urban environment (closer to heat demand), and avoiding lossy condensation in cooling
342 towers (i.e., just feeding the DHS instead). GenCos are experts in asset management and (risk-averse)
343 portfolio theory, so they could easily implement the system.

344 *Municipal utilities* which operate a given DHS could become trusted partners of owner-occupiers,
345 landlords and real estate companies by offering heat and electricity which is guaranteed to be generated
346 in an environmental-friendly way. The value proposition comes from the integration of more advanced
347 technologies as wished-for by the customers, and the platform could serve as a local show room
348 open to the public, so every interested customer could visit the facility to understand how the energy
349 transition might be shaped by current and future investments into new modules.

350 Such a system might also be implemented as a *community energy system* [20] by an *energy cooperative*.
351 This case is close to municipal utilities because of the interest of the customers (here: the community)
352 to invest into a more environmental-friendly product. However, the economic feasibility might be
353 easier to achieve due to a differing price sensitivity of involved customers: For instance, higher specific
354 prices for heat and electricity might be accepted, and even a flat rate might be an option. Furthermore,
355 cooperative shares might be drawn to collect money, and banks might grant further loans accepting
356 these shares as a security.

357 In general, it is even thinkable that in the context of future energy liberalisation, such an
358 infrastructure is deliberately opened to multiple parties, i.e., non-discriminatory access is provided to
359 all actors mentioned above. In this scenario, the platform acts as a *colocation centre* (as known from
360 data centres). This would in turn eliminate the operational challenges that go along with a provision
361 of third party access to the DHS [21].

362 5. Conclusion and outlook

363 5.1. *Summary and conclusion*

364 Today's investment in new generation capacity is characterized by high capital intensity and
365 long-term depreciation. Moreover, the risk of misinvestments and thus full write downs is significant
366 due to a high level of uncertainty of demand, prices and regulation. Therefore, more efficient conversion
367 technologies and systems (e.g., CHP and energy systems integration) are rarely implemented.

368 In this paper, the difficulty in finding a long-lasting, efficient and optimal mix of energy supply is
369 tackled from the perspective of modular infrastructure. To this end, a paradigm change is fostered in
370 planning and implementation is envisioned. This is achieved by a highly adaptable system architecture,
371 which can in fact be used as a practical starting point by a wide range of stakeholders.

372 Necessity and added value were discussed in terms of technical, strategical and societal prospects.
373 Sticking to a high level of abstraction (bird's eye view) presents the architecture's strengths independent
374 of country and particular case study. Although strong focus was laid on the conceptual strength of
375 the architecture, all advise remains specific. By sticking to the guiding principles discussed in this
376 paper, risk-averse investors can benefit from a step-wise (more scalable and thus manageable) systems
377 integration.

378 Besides, to the authors knowledge, this vision of an architecture is the first practical guide
379 on implementation of integrated energy systems (energy hubs, DMG etc.) at the community or
380 urban/municipality level at all, which is an important contribution.

381 *5.2. Outlook on future research*

382 Naturally, due to the novelty of the developed architecture, neither cost-effectiveness nor exact
383 standardization of all connectors could be analyzed and described in detail in this paper. However,
384 as the architecture is compatible with the energy hub, a multitude of developed optimization tools
385 in literature can be used to analyze the depicted example case as well as comparable scenarios for
386 municipal district heating utilities. (Examples are given by [4] and [5].)

387 For now, it is difficult to completely assess what magnitude of adaptability should be provided
388 today to account for future uncertainties, e.g., how much (physical) space should be left for additional
389 units, and how high the transformer rating should be in practice. New tools thus have to be developed
390 to find good compromises between spatial requirements, ground costs, initial investment and desirable
391 level of adaptability (or existing tools have to be applied to this new research question). Furthermore,
392 the standardization process for block-type conversion and storage units in intermodal containers will
393 have to be started, which is a diligent but routine piece of work.

394 Despite all these necessities, the authors are confident that implementing integrated energy
395 systems according to the developed architecture will eventually enable a faster and more cost-effective
396 energy transition due to the enabling character of the integrated infrastructure.

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400 **Appendix A. Analogies and connections to existing architectures, system descriptions and
401 concepts**

402 A lot of concepts were presented in literature to model energy systems integration and discuss its
403 prospects (cf. [12] for a review). This section takes a look at the most important such architectures and
404 conceptual frameworks to prove recent research in this field can easily be adopted, i.e., optimization
405 and planning tools can be used further.

406 *Appendix A.1. Integrated infrastructure and supply planning: Urban Energy Systems (UES)*

407 *Urban energy systems* (UES) [15] were developed as a planning tool that optimizes the location of
408 generation facilities and their connection to loads/customers. For instance, it was applied in [22] to
409 find the optimal siting of heat stations and CHP units in an urban (i.e., densely populated) context.
410 Here, technical non-feasibility of certain projects was considered by additional constraints in the
411 optimization. So, actual planning restrictions were reflected in their tool.

412 The architecture presented in this paper has been characterized as *enabling infrastructure*. It is
413 completely in line with the aim of UES itself. In addition, as the number of options and general
414 feasibility is increased by its implementation, it is thus clear that certain constraints can effectively be
415 revoked.

416 *Appendix A.2. Local multi-carrier generation: Distributed Multi-Generation (DMG)*

417 Another important contribution comes from the concept of *distributed multi generation* (DMG)
418 presented in [13]. In their vision, multi generation is a widespread means implemented locally in
419 smaller scale and in different locations. While the main goal is to cover local heat and electricity
420 demand, certain connections are mandatory for DMG: excess heat must be injected into a DHS, a
421 (rigid) electric grid is connected anyway, and cooling or even hydrogen network can be part of the
422 overall system as well (if applicable). The basic idea is to require a CHP plant which can be enhanced

423 by an *additional generation plant* (AGP). The AGP is not specified but shall in general complement the
424 CHP generation. It is important to note that the hydraulic configuration is explicitly discussed, i.e., the
425 need to engineer the optimal connection is identified.

426 The DMG system is thus more specific with the mandatory requirement of a CHP to be installed,
427 but generic with regard to all other (additional) technologies. It points out the same necessities for
428 the hydraulics that have been advanced in this architecture. Again, the additional cool and hydrogen
429 production discussed for DMG do not contradict this work at all, but can of course be implemented as
430 well.

431 *Appendix A.3. High level multi-input-multi-output systems perspective: Energy hub*

432 Another concept that has greatly contributed to the understanding of energy systems integration
433 is the *energy hub* [6]. Their idea was to develop a generalized and fully linearized system description to
434 ease the implementation for optimizations for multiple energy carriers. Furthermore, their vision was
435 to start with a greenfield approach to find a desirable (supposed to be) optimal solution for the future.
436 Certain transition paths should then pave the way to approach this final solution (Figure 1).

437 The similarity with the proposed architecture and the DMG concept is apparent, but certain
438 differences become clear as well: The energy hub is a much more abstract multi-input-multi-output
439 converter system. Even the description remains highly conceptual as the actual dimension
440 and implementation of an energy hub is left open to a potential adopter. Instead, the general
441 implementability for buildings, production facilities, cities or other arbitrary entities is discussed.
442 As for DMG, one type of unit per class is considered, which is a helpful assumption for the studies of
443 the general feasibility. However, this architecture clearly differs and advances the understanding of
444 practical future designs of integrated energy systems by (potentially) incorporating multiple units per
445 class. As the research of energy hubs has greatly progressed, the step towards practical implementation
446 suggested in this paper is an important connection to current literature.

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