

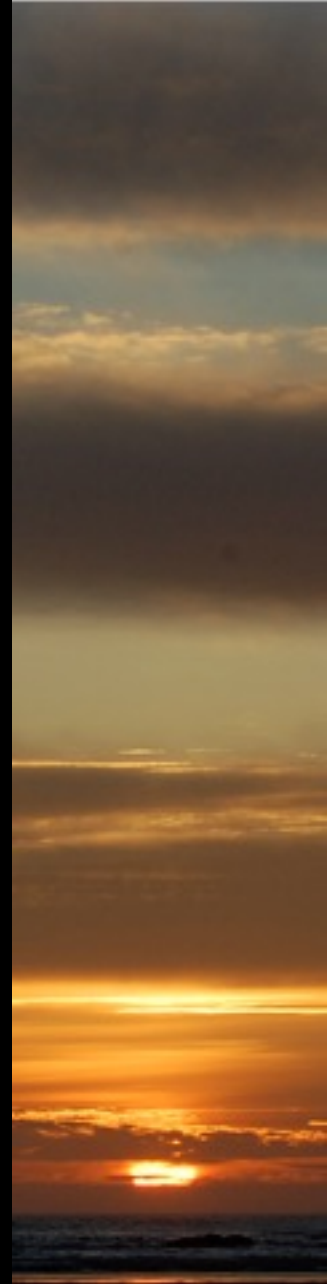
Energy & Environmental Accounting

OSU~EmEA-1

**Integrating Biophysical & Economic Values:**  
The Emerging Discipline of Energy Analysis

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1. Systems of Value
2. Brief Overview of Energy Accounting

# Economic Value...

An economic value is the worth of a good or service as determined by the market

In neoclassical economics, the value of an object or service is often seen as the price it would bring in an open and competitive market....

....a utility theory of value

What we might call....

“Receiver” Value System



# Natural Price...

Adam Smith introduced the concept of “natural price”,

...The real price of every thing, what every thing really costs to the man who wants to acquire it, is the toil and trouble of acquiring it

*An Inquiry into the Nature and Causes of the Wealth of Nations*



# Cost-of-Production...

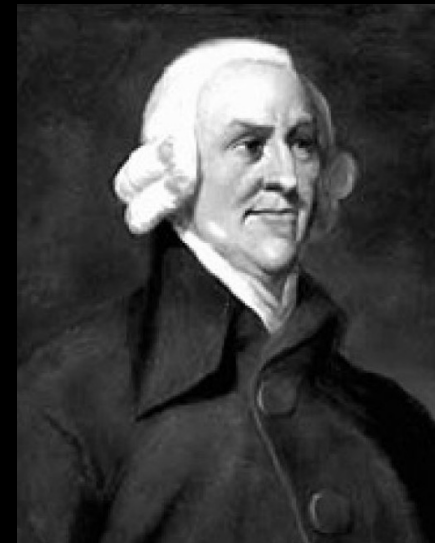
## Cost-of-production - theory of value

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Adam Smith's natural prices of commodities are the sum of the natural rates of the factors of production (wages, profits, and rent) that must be paid for inputs into production.

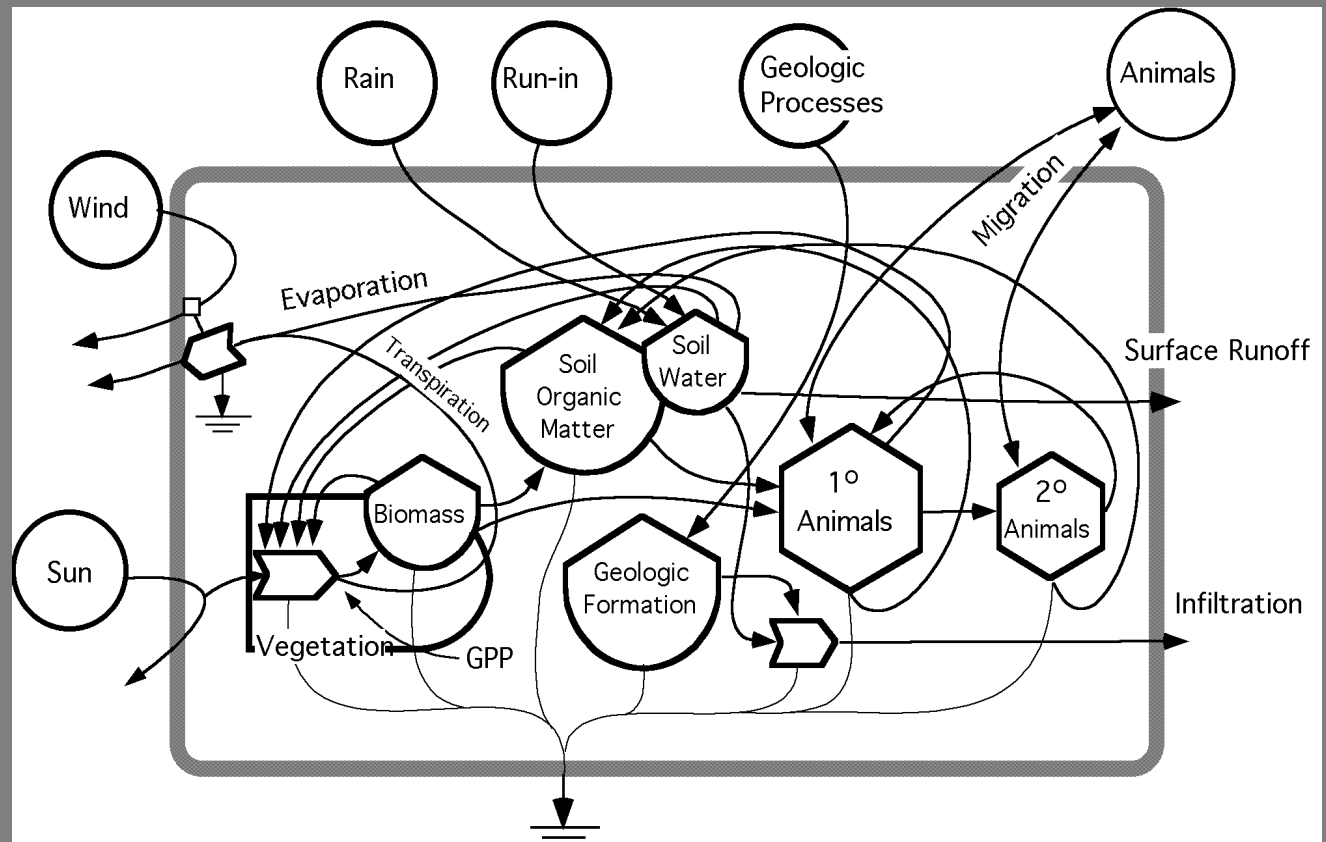
In economics, the cost-of-production theory of value is the theory that the price of an object is determined by the sum of the cost of the resources that went into making it.

“Donor” Value System



## Ecosystem – Factors of Production

Sunlight, wind, rain, nutrients, CO<sub>2</sub>, etc...



## Ecosystem Services – Natural Prices

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So...if the natural price of ecosystem services is the sum of the natural rates of the factors of production ...

all we need to do is determine the costs of producing the factors of production.

ie... Sunlight, wind, rain, nutrients, etc...



# Biophysical VS Economic...

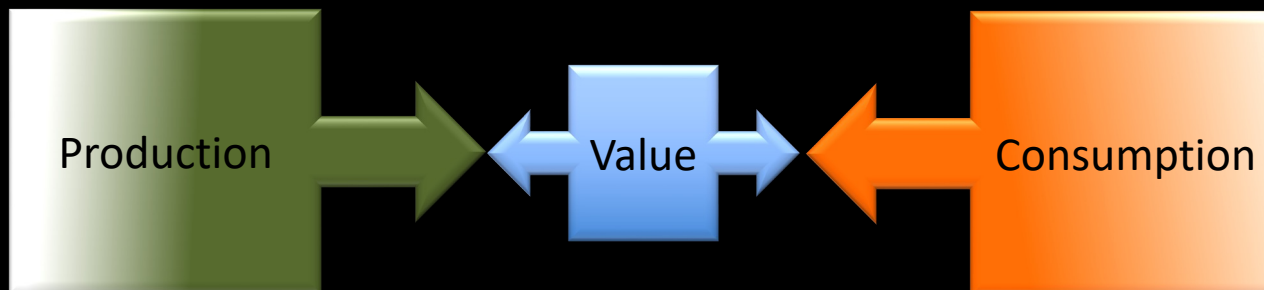
## Two Views of Value...

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1. Value is derived from what goes into something
2. Value is in the eyes of the beholder

Donor value

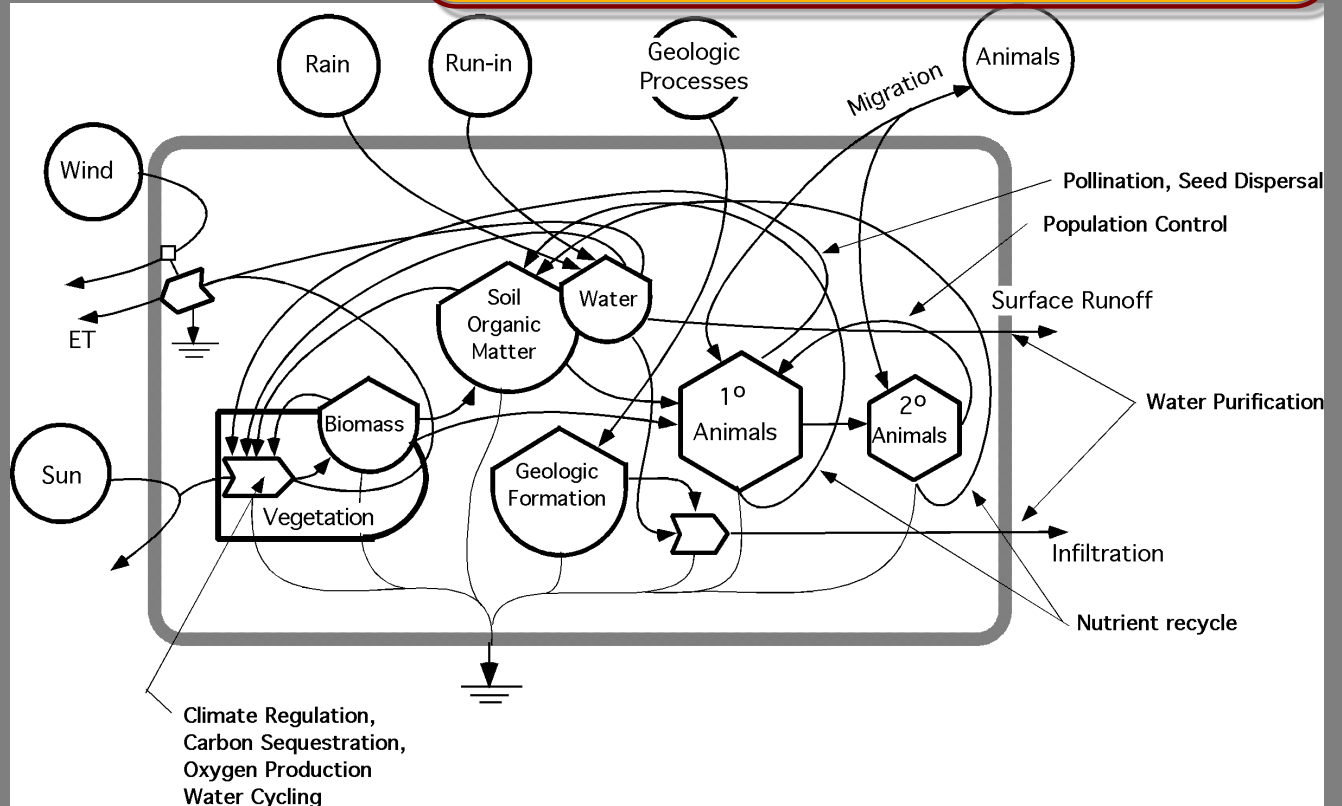
Receiver value





# Ecosystem Services = Factors of Production

The value of Ecosystem Services...  
what is required to make them



# Part 2: Energy Accounting Methodology



Ecologists use Energy as the unit of measure for  
Factors of Production

## ENERGY...

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**The ability to cause work.**

Since all energy can be converted 100% to heat, it is convenient to express energy in heat units...btu' s  
calories, joules.

# There are many “forms” of energy....

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Sunlight...

Wind...

Geopotential energy of elevated water...

Fuel...

Electricity...

Information...

## Not all forms of energy are equivalent...

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sunlight ~~=~~ wind ~~=~~ fuels ~~=~~ electricity

While they can all be converted to heat...one cannot say that calories of one form of energy are equal to calories of another form in their ability to cause work...

## Energy Quality...

Heat energy in 1 liter crude oil =  $3.7 \times 10^7$  J/l =  $8.8 \times 10^3$  Cal/l

Human heat output = 2600 Cal/day

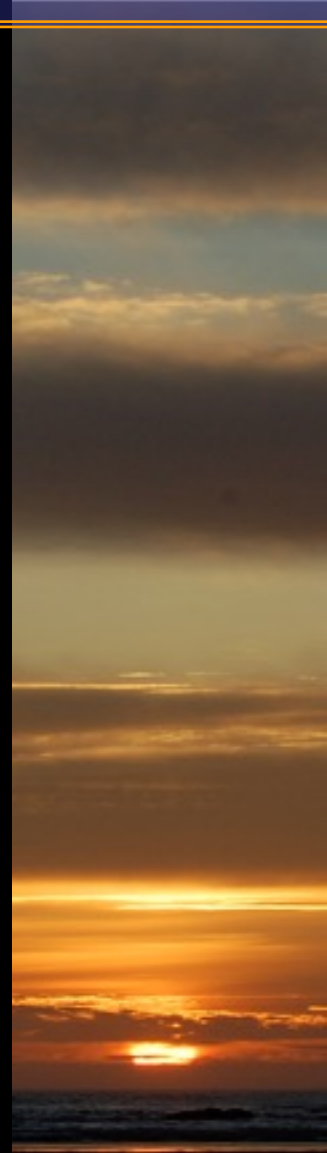
Therefore it takes the output of 3.4 humans per day to equal the heat energy in one liter of crude oil



The realization that different forms of energy have differing abilities to cause work lead to the concept of Energy Quality

## Energy Quality...

- related to concentration.
- flexibility
- ease of transportation
- convertibility



## Energy Quality...

- The concept of quality required a new concept of energy.
- A concept of energy that recognized that not all forms of energy have the same qualities
- A quantitative means of measuring quality....

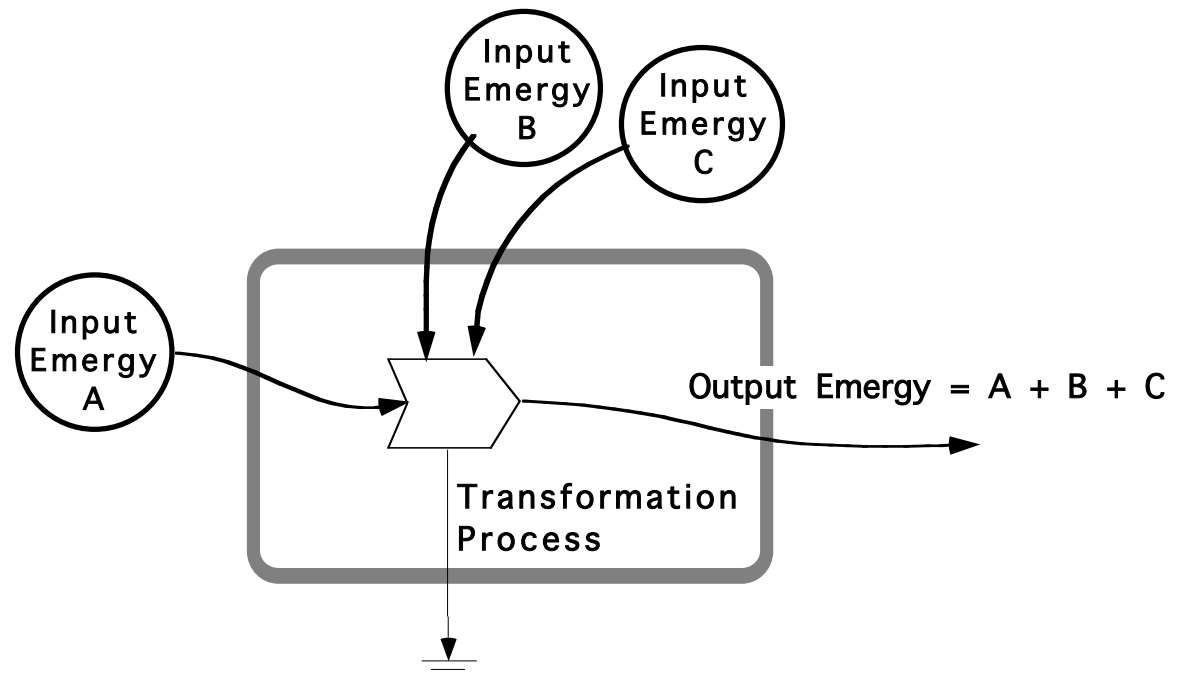


**EMERGY** - The available energy required directly and indirectly to make something

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- ◆ Expressed in energy of the same FORM ... usually solar energy
- ◆ Sometimes called Energy Memory = Emergy
- ◆ Similar to Embodied Energy
- ◆ Units = solar emjoules = sej

**ENERGY** - The available energy (of one form) required directly and indirectly to make something



# Units of EMERGY...

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Solar emergy Joules...

or Solar emjoules...

or “sej”

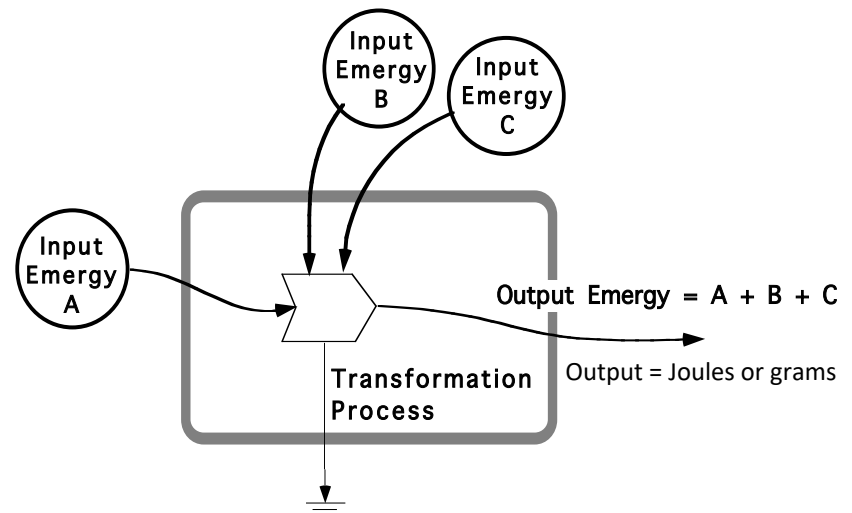
## Unit Energy Values (UEVs)...

The amount of energy required to produce a given amount of mass or energy of a product

UEV =

Output in Energy

Output (Joules or grams)



## Unit Energy Values...

- If units are  $\text{sej}/\text{J}$  it is called Transformity
- If units are  $\text{sej}/\text{g}$  it is called Specific Energy
- We also use  $\text{sej}/\text{\$}$

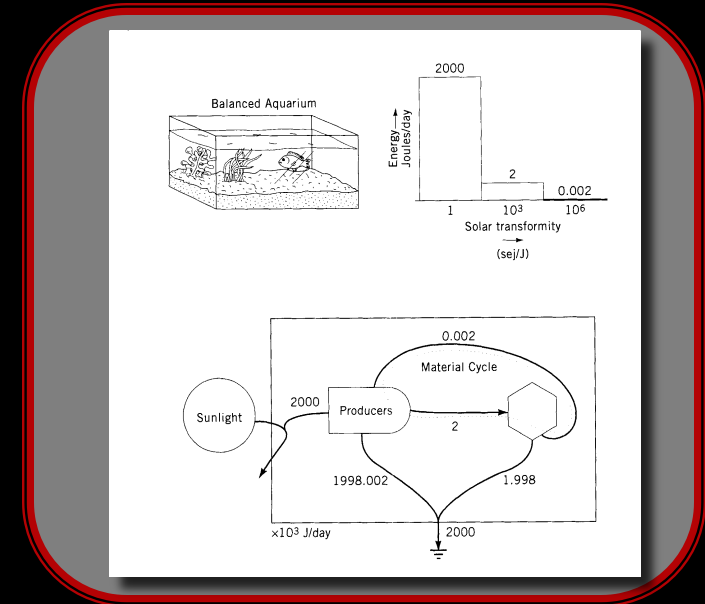
## Unit Energy Values...

Solar transformity of Production =  
Solar Energy / Exergy

$$Tr_p = 2.0E6 \text{ sej} / 2 \text{ J} = 1E6 \text{ sej/J}$$

Solar transformity of Material Cycle =  
Solar Energy / Exergy

$$Tr_{mc} = 2.0E6 \text{ sej} / 0.002 \text{ J} = 1E9 \text{ sej/J}$$



## Unit Energy Values...

$$\text{Energy} = \text{Exergy} * \text{UEV}$$

So by definition the energy of a flow can be calculated by multiplying the exergy (or mass) of the flow by its UEV

$$1\text{E}6 \text{ grams oil} * Sp_{\text{oil}} = \text{Energy in the oil}$$

$$2\text{E}5 \text{ joules oil} * Tr_{\text{oil}} = \text{Energy in the oil}$$

## Typical Solar Transformities

## Solar transformities

	Solar emjoules per Joule (sej/J)
Sunlight	1
Plant production	6,700
Wood	36,000
Coal	97,000
Oil	148,000
Electricity	500,000



# Typical Emergy Evaluation Table

## Bioethanol

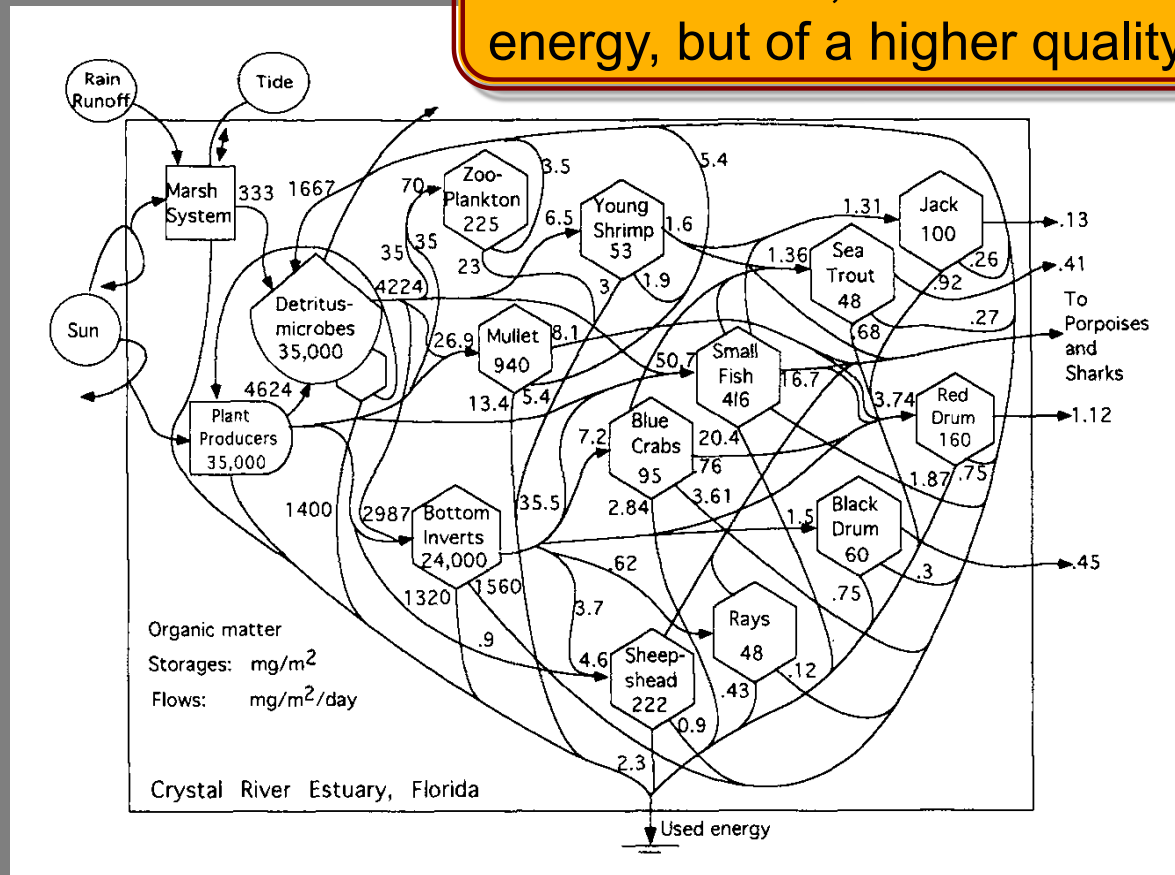
**Table 5**  
Emergy analysis of ethanol production from sugarbeet in Italy (1984 nationwide average values per hectare per year).

#	Item	Unit	Units/ha/yr	Solar transformity (sej/unit)	Ref. for Transf.	Solar emergy (E14 sej/ha/yr)
(numbers of each item refer to footnotes in the Appendix)						
<b>ENVIRONMENTAL INPUTS</b>						
1	Sunlight	J	4.41E+13	1.00E+00	[2]	0.44
2	Rain chemical potential	J	4.45E+10	1.82E+04	[2]	8.09
3	Wind	J	8.82E+10	1.50E+03	[2]	1.32
4	Earth cycle	J	3.00E+10	3.44E+04	[2]	10.32
<b>AGRICULTURAL PRODUCTION PHASE</b>						
5a	Loss topsoil, resid. in field	J	1.36E+10	7.38E+04	[1]	10.01
5b	Loss topsoil, resid.harvested	J	2.71E+10	7.38E+04	[1]	20.02
<b>Inputs assuming that residues are left in field</b>						
6	Nitrogen fertilizer (N)	g	1.36E+05	3.80E+09	[2]	5.17
7	Phosphate fertilizer (P2O5)	g	1.87E+05	3.90E+09	[2]	7.29
8	Potash (K2O)	g	7.28E+04	1.10E+09	[2]	0.80
9	Insecticides & pesticides	g	4.07E+04	1.48E+10	[1]	6.02
10	Herbicides	g	1.52E+04	1.48E+10	[1]	2.25
11	Diesel	J	1.33E+10	6.60E+04	[1]	8.75
12	Lubricants	J	2.53E+08	6.60E+04	[1]	0.17
13	Gasoline	J	4.42E+08	6.60E+04	[1]	0.29
14	Human labor	J	1.26E+08	7.38E+06	[3]	9.27
15	Agric. machinery	g	8.37E+04	6.70E+09	[1]	5.61
16	Electricity	J	5.86E+08	2.00E+05	[1]	1.17
17	Seeds	J	5.58E+07	8.94E+04	[3]	0.05
18a	Surface water for irrigation	J	6.17E+09	4.10E+04	[1]	2.53
18b	Fuel for irrigation (#)	J		6.60E+04	[1]	
<b>Additional inputs if 70% residues are harvested</b>						
19	Nitrogen loss with erosion	g	4.50E+04	3.80E+09	[2]	1.71
20	Phosph. loss with erosion	g	2.25E+04	3.90E+09	[2]	0.88
21	Potash loss with erosion	g	1.50E+05	1.10E+09	[2]	1.65
22a	Additional water demand	J	2.47E+09	4.10E+04	[1]	1.01
22b	Fuel for additional water demand	J	2.39E+09	6.60E+04	[1]	1.57
23	Nitrogen harv. in residues	g	3.50E+04	3.80E+09	[2]	1.33
24	Phosphorus harv. in resid.	g	2.10E+04	3.90E+09	[2]	0.82
25	Potash harv. in residues.	g	1.40E+05	1.10E+09	[2]	1.54
26	Diesel for residues	J	2.23E+09	6.60E+04	[1]	1.47
27	Labor for residues	J	4.38E+06	7.38E+06	[3]	0.32
28	Machinery for residues	g	2.46E+03	6.70E+09	[1]	0.16
<b>Products of the agricultural phase</b>						
29	Sugarbeet produced	J	1.14E+11	6.14E+04		69.70
30	Sugar available in sugarbeet	J	1.05E+11	6.66E+04		69.70
31	Residues in field as such (°)	J	4.67E+10	1.49E+05		69.70
32	70% harvested agric. resid. (°)	J	n.a.	n.a.		92.19
<b>INDUSTRIAL PRODUCTION PHASE</b>						
33	Plant machinery	g	7.24E+03	6.70E+09	[1]	0.48
34	Diesel for transport	J	1.77E+09	6.60E+04	[1]	1.17
35	Diesel for process heat	J	3.72E+10	6.60E+04	[1]	24.58
36	Electricity	J	1.87E+10	2.00E+05	[1]	37.49
<b>Product of industrial phase</b>						
37a	Ethanol, without residues	J	9.42E+10	1.42E+05		133.42
37b	Ethanol, with residues use	J	9.42E+10	1.65E+05		155.91

# Biophysical Values...

## Food web

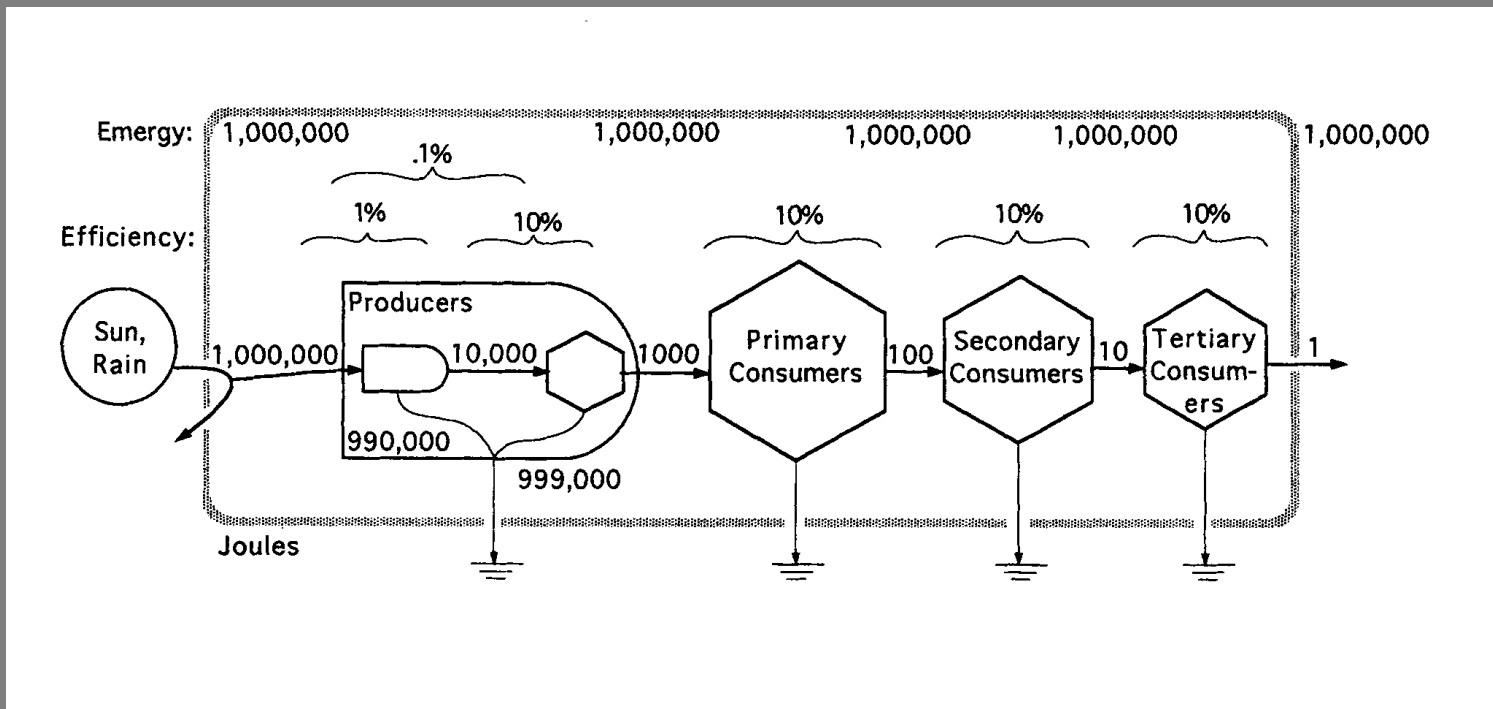
...with each successive energy transformation, there is less energy, but of a higher quality



# Biophysical Values...

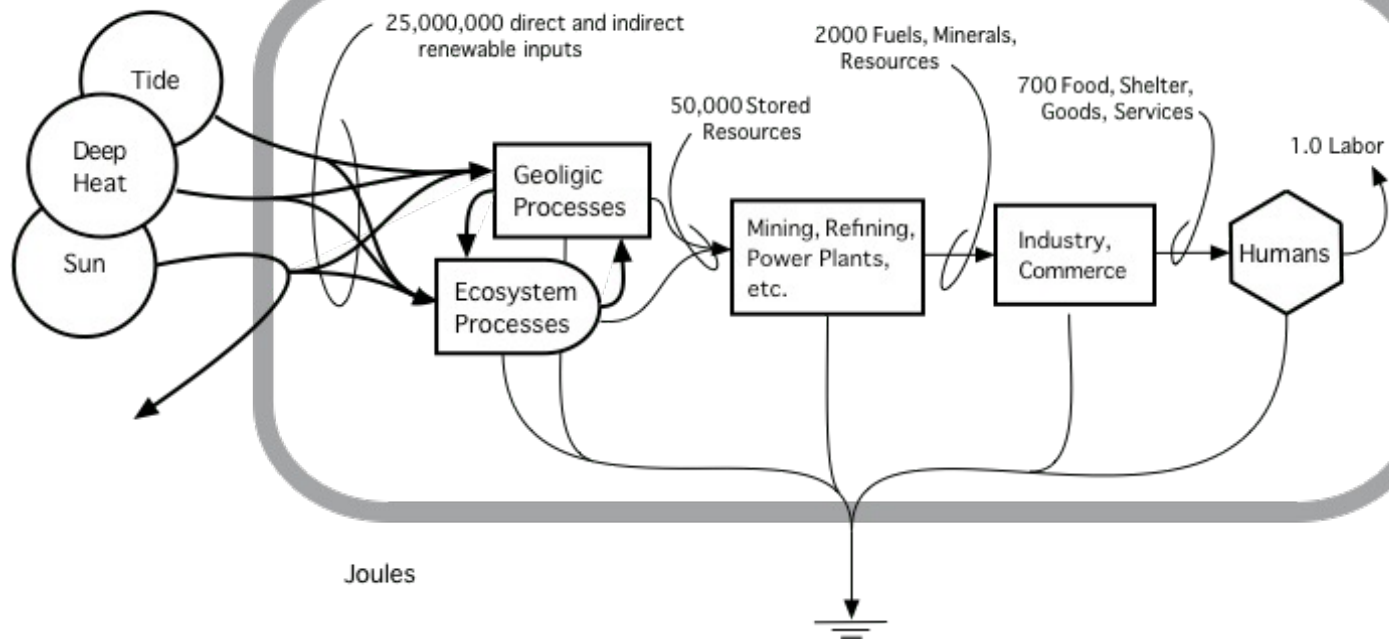
## Energy Chain

The food chain can be thought of as an energy transformation chain. At each transformation step some energy is degraded and some is passed to the next step in the chain.



# A. Review of concepts and definitions ...

## The 20th century energy food chain of techno-humans...



# Biophysical Values...

## EmDollars... the money equivalent of energy.

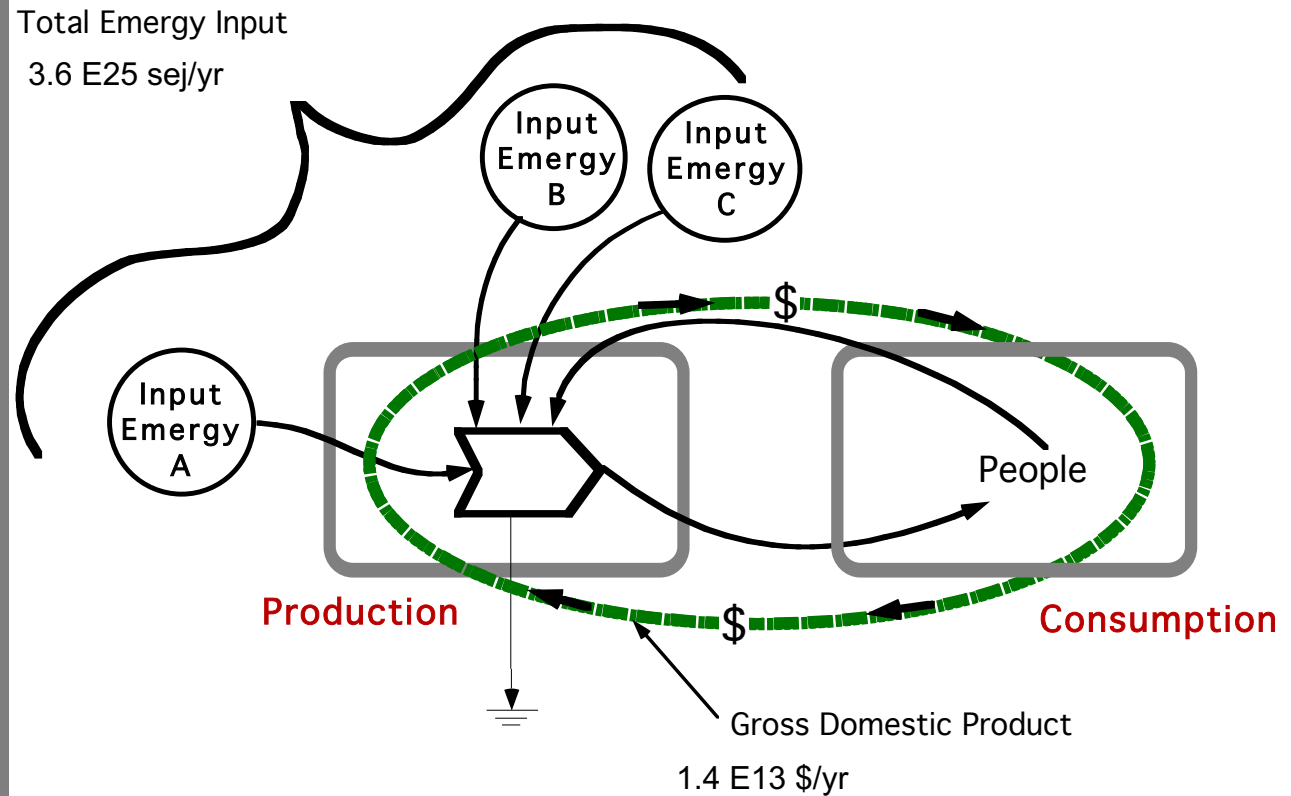
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By using a standard conversion factor, we can express energy in dollar equivalents...

In the same way as we can express dollars in energy equivalents..ie gallons of gas

for instance \$1 today = 0.25 gallons... or  
\$1 = 3.3 E7 joules of fossil fuel energy

Energy/Money Ratio... USA ~ 2008



$$\frac{\text{Total Energy Use}}{\text{GDP}} = \frac{3.6 \text{ E}25 \text{ sej/yr}}{1.4 \text{ E}13 \text{ \$/yr}} = 2.5 \text{ E}12 \text{ sej/\$}$$

## Emdollars of the US Economy

$$\frac{\text{Total Emergy Use}}{\text{Gross Domestic Product}} = 2.5 \text{ E}12 \text{ sej/dollar}$$

So...

Every dollar spent in US economy has  
“embodied” in it, 2.5 E 12 sej of emergy

# Biophysical Values...

Express energy as  $E^m$  dollars for ease of recognition...

An energy input of  $5.0 \text{ E}18 \text{ sej/yr}$ ...  
becomes...

$2.0 \text{ E}6 \text{ em}\$$

$$\frac{5.0 \text{ E}18 \text{ sej/yr}}{2.5 \text{ E}12 \text{ sej/\$}} = 2.0 \text{ E}6 \text{ em}\$$$





**T**hank **Y**ou...

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Questions?

