

WBS

THE CASE FOR GREEN INFRASTRUCTURE

JOINT-INDUSTRY WHITE PAPER

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Green Infrastructure (GI) was investigated as part of a joint-industry program that aims to find ways to increase business resilience to external economic and environmental stressors. For the purposes of this study, GI solutions are defined as planned and managed natural and semi-natural systems which can provide more categories of benefits, when compared to traditional *gray* infrastructure.

The assumption of the study was:

GI solutions can provide more opportunities than gray infrastructure to increase the resilience of industrial business operations

The focus of this study was to evaluate the ability of GI solutions to increase the resilience of industrial business operations to external stressors, to enhance the economic protection of business assets and infrastructure and to reduce the resource intensity in the context of the globally applicable food-energy-water nexus.

The GI team, composed of experts from The Dow Chemical Company, Shell, Swiss Re, and Unilever, working with The Nature Conservancy and an academic resiliency expert, evaluated a number of business case studies from their respective organizations and from literature where GI solutions have been or may be implemented. The team interviewed the project leaders to assess the level of resilience each project had to acute, chronic and social stressors as well as a comparison to the traditional gray alternative. Where data was not available for direct comparison, informed judgments from Subject Matter Experts were used. This white paper includes distilled findings from the interviews and subsequent evaluation of the assumption as stated above.

KEY CONCLUSIONS

Five key conclusions from this study are given here and will be elaborated on in the remainder of this document.

- GI solutions form an essential element in a portfolio of solutions to increase the resilience of industrial business operations, but do not provide resilience against every potential stressor and therefore benefit from thorough site investigation and management of location specific risks
- GI solutions often demonstrate financial advantages compared to gray infrastructure due to a reduction of initial capital expenses and ongoing operational expenses and can be used to strategically recapitalize aging assets
- GI solutions offer opportunities, often overlooked in current project assessments, to effectively manage socio-political risks through innovative collaboration with key stakeholders
- GI solutions often leverage existing natural resources. Their regenerative processes consume less energy and are thus less sensitive to power loss and fluctuations in the cost of energy, as compared to gray infrastructure
- Both green and gray infrastructure resist shocks, but in different ways. *Hybrid* approaches, utilizing a combination of green and gray infrastructure, may provide an optimum solution to improve the overall business resilience

KEY RECOMMENDATIONS

Four key recommendations from this study are given here and will be elaborated on in the remainder of this document:

- Organizations should employ a more comprehensive economic and environmental footprint analysis to more accurately compare green versus gray infrastructure and to investigate, and when relevant, appropriately assess the co-benefits of GI solutions
- GI solutions benefit from pilot projects and engagement of external partners to glean expertise, experiences and innovative approaches that can de-risk the GI solution and accelerate implementation
- Organizations are currently not staffed with the requisite skills nor supported by the culture necessary to bring GI solutions to scale. Leadership emphasis and change management is required for successful implementation
- Organizations are advised to build a fit-for-purpose set of capabilities integrating the areas of strategy, innovation, new business development, project economics, engineering and environmental sustainability

INTRODUCTION AND OBJECTIVE

The global economy is a tightly wound system, extremely interconnected and efficient, with increasing risks to organizations due to the rapid propagation of disruptive events. Ecosystem services, the goods and services humans receive from nature, underpin the global economy and provide tremendous value to people and organizations. Receiving services from nature is often more cost effective and sustainable than generating them with man-made materials like steel and concrete. The assumption is that working together with natural systems, and hence green infrastructure, enables organizations to better manage disruptive events, such as power interruption, raw material price increases and mechanical failure which often impair traditional gray solutions.

The following listing gives the titles of the key business case studies that the team evaluated based on interviews with project leaders. More detailed information can be found in the case study summary document.

1. Dow: Phytoremediation for Groundwater Decontamination, Ontario, Canada
2. Dow: Constructed Wetland for Waste Water Treatment, Texas, USA
3. Dow & TNC: Air Pollution Mitigation via Reforestation, Texas, USA
4. Shell: Produced Water Treatment using Reed Beds, Nimr, Oman
5. Shell: Natural Reclamation and Erosion Control for Onshore Pipelines, NE British Columbia, Canada
6. Shell & TNC: Coastal Pipeline Erosion Control using Oyster Reefs, Louisiana, USA
7. TNC: Cauca Valley Water Fund, Cali, Colombia
8. TNC: Integrated Reservoir Floodplain Management, Georgia, South Carolina, USA
9. TNC: Managing Storm Water Runoff with Wetlands, Philadelphia, USA
10. TNC: Oyster Reef Building & Restoration for Coastal Protection, Louisiana, Mississippi, Alabama, USA
11. Economics of Climate Adaptation (ECA) members, including Swiss Re and McKinsey & Company: Shaping Climate-Resilient Development: a Framework for Decision-making
12. Literature: Green Roofs for Energy Savings, Basel, Switzerland
13. Literature: Storm Water Management in Six Cities, USA
14. Literature: Green Aeration Corridors for Air Quality and Temperature Control, Stuttgart, Germany
15. Literature: Mangrove Restoration for Coastal Protection, Vietnam

<http://www.nature.org/about-us/working-with-companies/case-studies-for-green-infrastructure.pdf>

The remainder of the document highlights the pros and cons of green (natural) and gray (man-made) solutions and proposes innovative approaches to balance the different trade-offs involved when designing resilient infrastructure.

GREEN INFRASTRUCTURE CONCEPT AND DEFINITION

GI solutions are defined, for the purpose of this study, as planned and managed natural and semi-natural systems which can provide more categories of benefits, when compared to traditional gray infrastructure. GI solutions can enhance or even replace a functionality that is traditionally provided by man-made structures.

GI solutions aims to build upon the success that nature has had in evolving systems that are inherently sustainable and resilient. GI solutions employ ecosystem services to create more resource efficient systems involving water, air and land use. GI solutions are designed to fulfill a specific need, such as water purification or carbon sequestration, while often offering location-specific and valuable co-benefits, such as enhanced habitat for wildlife.

The team evaluated the ability of GI solutions to increase business resilience to external stressors. The team analyzed several business case studies from their respective organizations and from literature and interviewed fourteen project leaders to assess the increased level of resilience each project had to acute, chronic and social stressors when compared to traditional gray infrastructure. Where data was not available for direct comparison, informed judgments from Subject Matter Experts were used.

GREEN INFRASTRUCTURE SOLUTIONS; EXAMPLES

The business case studies varied from a private entity solving a water treatment challenge within its fence-line, to a multi-stakeholder organization working together with a city to create a storm water management program, to a conservation organization working with governments and communities on coastal erosion control. Two GI solutions, describing the recurring benefits and challenges inherent to GI solutions are described below. They set the stage for subsequent discussions on the trade-offs involved when designing green or hybrid infrastructure solutions.

Union Carbide Corporation, subsidiary of The Dow Chemical Company:

Seadrift, TX Wetlands for Wastewater Treatment

Project description: 110-acre engineered wetland in lieu of an industrial wastewater treatment plant

In 1995, the Seadrift water treatment facility was seeking a solution to consistently meet regulatory requirements for water discharge. An innovative GI solution consisting of a constructed wetland was installed and has been successfully operating upon startup and for the last 15 years. The constructed wetland design offered the following advantages and disadvantages:

Advantages

- **Capital expense savings:** \$1.2-1.4 Million versus \$40 Million for the *gray* infrastructure alternative proposed
- **Operating expense savings:** no energy, additives, or oxygen; no biosolids disposal; minimal maintenance
- **Lower environmental footprint:** eliminated the need for the construction and operation of an energy-intensive wastewater treatment facility
- **Labor reduction:** Operational support drastically different; a wetland requires minimal support from operations and maintenance as opposed to the *gray* alternative requiring 24/7 support
- **Operational performance:** 100% compliant upon startup and for over 15 years
- **Construction benefits:** project implementation time reduced by half (fully operational in 18 months)
- **Other benefits:** provides habitat for deer, bobcats, and birds; educational opportunities for local schools

Disadvantages

- **Large project land footprint:** 110 acres as opposed to 4-5 acres for a *gray* infrastructure alternative
- **1-2 years pilot period:** required to de-risk the GI technology and find the optimum design
- **Criteria for application of this solution:** compliance with applicable regulations related to water quality
- **Biotic stresses** (nutria invasion, alligators, etc.): relatively minor disturbances that the system had to overcome

Petroleum Development Oman LLC (PDO): Constructed Wetlands for Produced Water Treatment, OMAN

Project description: more than 360 ha engineered wetland in lieu of disposing water in deep aquifers

The need to manage large amounts of produced water created a major limiting factor for the oil production from the Nimr fields, in which The Shell Petroleum Company Ltd is a joint venture partner. These large volumes would normally require an extensive water processing infrastructure to treat and inject the water into a deep disposal well. Man-made infrastructure would thus result in a high cost facility requiring large amounts of electric power and producing greenhouse gas emissions.

The PDO team investigated alternative, low cost solutions to treat and dispose of the water. The world's largest commercial wetland treats more than 30vol% (95,000 m³ per day) of the total produced water from the Nimr oilfields in Oman. The four-tier gravity-based wetland design offered the following advantages and disadvantages:

Advantages

- **Capital expense savings:** significant capital cost savings compared to the man-made produced water treatment and injection facility

- **Operating expense savings:** power consumption reduced by approximately 98% due to the elimination of electric powered water treatment and injection equipment
- **Operational performance:** satisfactory water treatment performance ever since the start of the wetland operation (December 2010). The oil content in the produced water is consistently reduced from 400 mg/l to less than 0.5 mg/l when leaving the wetland system
- **Significantly reduced carbon footprint:** CO₂ emissions reduced by approximately 98% due to the elimination of electric powered water treatment and injection equipment
- **Other benefits:** the wetlands provide habitat for fish and hundreds of species of migratory birds. Also, the wetlands offer potential for innovative customer value propositions that could provide a variety of socio-political benefits e.g. through by-product optimization (fresh water, biomass etc.)

Disadvantages

- **Large required land footprint:** more than 360 ha to treat 95,000 m³ per day of produced water
- **Long pilot period (>2 years):** required to de-risk the constructed wetland technology and find the optimum wetland design
- **Operational risk of the wetland:** potential risk of not meeting the performance requirements due to external factors (e.g. seasonal temperature swings, biotic stresses)

IDENTIFYING AREAS OF OPPORTUNITY

The key differences between green and gray infrastructure are summarized in Table 1 and illustrate the trade-offs involved when evaluating green versus gray solutions. These trade-offs help identify the specific areas of opportunity for optimum resilient infrastructure which are often combinations of new GI solutions integrated into existing facilities, creating so-called *hybrid solutions*.

| Evaluation criteria | Green infrastructure | Gray infrastructure |
|---|---|--|
| Stakeholder involvement | Extended stakeholders are often required to support the project and may have an active and ongoing role in the project design and operation | Stakeholders are often engaged with the aim to create local support for the project, but without active involvement in the project design and operation |
| Engineering approach | GI solutions require a custom-made, location-specific design and do not lend themselves to standardization and replication | Traditional engineering solutions enable standardization and replication which can significantly reduce project costs and delivery times |
| Physical footprint | A large physical footprint is often required due to low energy density | Usually, only a small physical footprint is required due to high energy density |
| Environmental footprint | Often reduced environmental footprint due to GI solutions being nature-based and self-regenerating | Often increased environmental footprint due to material and energy intensive processes (manufacturing, distribution, operation) |
| Speed of delivering the functionality | GI solutions may take time (years) to grow to provide a certain service and capacity | Traditional engineering solutions provide a certain service and capacity from day 1 of operation |
| Susceptibility to external factors | GI solutions are susceptible to extreme weather conditions, seasonal changes in temperature or rainfall and disease. | Gray infrastructure is susceptible to power loss, mechanical failure of industrial equipment and price volatility. |
| Operational and maintenance costs | Operating and maintenance costs are often significantly lower (only monitoring and feedback is required) | Operating costs are often significantly higher due to power consumption, operational and maintenance requirements |
| Risk of price volatility | GI solutions are relatively insensitive to fluctuations in the cost of raw materials, oil, gas and power | Traditional engineering solutions are sensitive to fluctuations in the cost of raw materials, oil, gas and power |
| Approach to system monitoring and control | GI solutions are living and complex systems that can be monitored and effectively managed by a deep understanding of the key control variables | Traditional engineering solutions are man-made systems that are typically designed with established monitoring techniques to effectively manage and control system performance |
| Required operating personnel | No need for 24/7 operational supervision | Complex control and safeguarding systems typically require 24/7 operational supervision |
| Expenses for increasing capacity of system | Relatively inexpensive to extend the capacity of the GI solution, provided there is physical footprint available | Extension of capacity could be relatively inexpensive as long as significant modification or redesign is not required |
| Need for recapitalization | Recapitalization during the life of the GI solution is usually not significant. The end of life replacement/ decommissioning will vary greatly depending on the GI technology selected but is usually not necessary as GI solutions are self-sustaining and do not depreciate | Gray solutions are depreciating assets with a finite performance capacity and usually require significant replacement/decommissioning at end of life |

TABLE 1: EVALUATION OF GREEN VERSUS GRAY INFRASTRUCTURE

Key observations

The table above shows that both green and gray solutions have benefits and challenges. Both green and gray infrastructure resist shocks, but in different ways. Hybrid approaches, utilizing a combination of green and gray infrastructure, may provide an optimum solution to shocks and improve the overall resilience of an organization. Synergies occur from combining both engineering schemes, each building upon their respective strengths. For example, gray components may support the growth phase of GI projects, or vice versa.

Hybrid solutions enable effective risk management against different types of shocks and stressors in the goal to transition to more resilient facilities. GI solutions offer a fit-for-purpose approach to create more resilient facilities due to its ability to be implemented in a modular way.

The areas of opportunity for green or hybrid infrastructure solutions often relate to:

- a) A means to strategically recapitalize aging industrial infrastructure through the integration of GI solutions into existing facilities that need regular rejuvenation or replacement of existing equipment to provide a functionality
- b) An application in areas that are environmentally stressed and would benefit from improved land use, enhanced biodiversity, additional sources of water and flood or erosion protection.

SWOT ANALYSIS OF GREEN INFRASTRUCTURE

GI solutions present a different set of risks due to the nature of the solution, the level of interaction with the local environment and the number of stakeholders that may be involved in a managing a GI project. A SWOT analysis of GI solutions is given in Table 2.

| GI solutions | |
|----------------------|--|
| Strengths | Provides nature’s inherent resource-efficiency and multi-functionality (water purification, carbon sequestration, flood protection etc.) |
| | Requires low initial expenses and operating expenses (only monitoring, feedback and control) |
| | Appreciates over time as it grows more interconnected with the local environment |
| | Is less sensitive to increases in the cost of raw materials, cost of power, power interruption, etc. |
| Weaknesses | Often requires a large physical footprint due to low energy density |
| | Ecosystem services are currently not comprehensively valued or quantified as part of project technical and non-technical evaluations |
| | Requires time for proper site investigation and performance maturation |
| | Engineering community has little expertise in designing ecosystems |
| Opportunities | Offers opportunities for innovative non-technical risk management by active local stakeholder participation in the design and operation of the GI solution |
| | Offers opportunities to partner with local landowners in the use of land areas |
| | Offers opportunities to boost the local economy by offering valuable by-products like fresh water and biomass that can be used for local food production |
| | Offers opportunities to create resource efficient systems with minimal waste streams through by-product optimization |
| | Offers low-cost risk mitigation opportunities (e.g. living reefs and mangroves mitigate coastal flood risk at very low costs) |
| Threats | Can be susceptible to seasonal weather changes and extreme weather conditions |
| | Can be subjected to unforeseen stresses over its lifetime (e.g. biotic stresses like insect invasion) |
| | There is generally insufficient understanding of the ecosystem control variables |
| | There is a lack of recognized ecosystem-related industry design standards |
| | May require time (years) to mature and to provide the required functionality |
| | Can pose challenges to obtain permits or regulatory approvals |

TABLE 2: SWOT ANALYSIS OF GREEN INFRASTRUCTURE SOLUTIONS

Key observations

The SWOT analysis indicates that GI solutions offer a range of economic, environmental, and socio-political benefits. However, GI solutions do not provide resilience against every potential stressor, and therefore benefit from thorough site investigation and management of location-specific risks. GI solutions require time to optimize the design and to reach peak performance

RISK MANAGEMENT OF GI SOLUTIONS

The table below summarizes potential risks, consequences and mitigations for managing the integration of GI solutions in projects and business operations.

| Recurring GI related risks | Possible consequences | Proposed mitigation |
|---|---|---|
| Technical | | |
| Susceptibility to seasonal weather changes and extreme weather conditions | Not meeting the project performance specifications | Define a pilot project for testing the GI functionality in different seasons and under different weather conditions in order to determine the key control variables and to find the optimal GI solution |
| Insufficient understanding of ecosystem control variables | | |
| Required time (years) to mature and to provide the required functionality | Not meeting the project start-up date | Consider creating a separate GI pilot project work-stream that comes online independent of the main project start-up date |
| Economic | | |
| Large physical footprint required | Landowners are not interested to negotiate property leases or community not supportive of land use for this purpose | Early engagement with landowners. Emphasize the co-benefits of the GI solution to the local landowners and community |
| Unclear permit requirements | Permits not obtained, project delays | Early involvement of regulators. Shape the development of regulations for green or hybrid infrastructure solutions backed up by relevant performance data |
| Social / political | | |
| Lack of recognized ecosystem-related industry design standards | Trust and reputational damage due to system underperformance | Proactively assess the system performance and address failures through design changes |
| | | Involve regulators, local landowners and communities in the operational phase |
| Operational | | |
| Unforeseen stresses (e.g. biotic stresses like insect invasion) | Operational disturbances of the GI solution | Develop a location-specific monitoring and feedback system |
| Organizational | | |
| Engineering community has little expertise designing ecosystems | GI options are not appropriately screened and assessed | Seek collaboration with green engineering / consultancy firms to help design GI solutions |
| | | Onboard the appropriate expertise in the company |
| | | Set up long-term contracts for design, build, own, operate and transfer activities |

TABLE 3: TYPICAL RISK REGISTER ELEMENTS OF GI SOLUTIONS

Key observations

GI solutions require innovative approaches to, a) understand the local ecosystem and build fruitful relationships with local stakeholders, b) test and optimize the system performance, c) understand and manage permit requirements, and d) to build in-house expertise in designing and managing GI solutions.

CRITICAL SUCCESS FACTORS FOR IMPLEMENTATION IN CORPORATE ENVIRONMENTS

Although GI solutions often present a strong business case and typically provide more categories of benefits than gray solutions, they have not yet been adopted into core business practices and capital project evaluations. Critical success factors for implementation of GI solutions are summarized here:

- Employ a more comprehensive economic and environmental footprint analysis to more accurately compare green versus gray infrastructure
- Engage with the engineering community (utilities/process technology/waste stream management, etc.) to build organizational capacity and expertise in green or hybrid infrastructure engineering. Develop learning modules that focus on the identification of GI opportunities and on the evaluation of typical failure modes of GI solutions in order to develop internal skill sets
- Establish an external network from academia, R&D institutes and contractors to facilitate knowledge sharing and skill transfer activities
- Engage with the project community early on in the project development process to ensure GI solutions are being considered as part of the early field planning process
- Engage with the new business development community to develop innovative value propositions that emphasize the potential of GI solutions to boost the local economy e.g. through innovative by-product optimization
- Build a fit-for-purpose set of capabilities integrating the areas of strategy, innovation, new business development, project economics, engineering and environmental sustainability