



*Independent Statistics & Analysis*  
U.S. Energy Information  
Administration

---

# World Energy Projection System Plus: Main Module

September 2016



This report was prepared by the U.S. Energy Information Administration (EIA), the statistical and analytical agency within the U.S. Department of Energy. By law, EIA's data, analyses, and forecasts are independent of approval by any other officer or employee of the United States Government. The views in this report therefore should not be construed as representing those of the U.S. Department of Energy or other federal agencies.

## Contents

Table of Tables .....	2
Table of Figures .....	2
1. Introduction .....	3
Purpose of this report.....	3
Model summary.....	3
Model archival citation .....	3
Model contact.....	4
Organization of this report .....	4
2. Model Purpose .....	5
Model objectives .....	5
Model inputs and outputs .....	5
Inputs .....	5
Outputs .....	6
Relationship to other models .....	6
3. Model Rationale.....	9
Theoretical approach.....	9
Fundamental assumptions .....	9
4. Model Structure .....	12
Structure overview .....	12
Flow Diagrams .....	13
Key computations.....	17
Convergence check.....	17
STEO allocations for sector calibration.....	19
Appendix A. Model Abstract .....	21
Appendix B. Input Data and Variable Descriptions.....	23
Appendix C. References .....	27
Appendix D. Data Quality.....	28
Introduction .....	28
Source and quality of input data .....	28

---

## Table of Tables

---

Table 1: Regional coverage of the World Energy Projection System Plus Model.....	5
Table 2: Main Model input data series .....	6
Table 3: Main model output and the WEPS+ models that use them .....	6

## Table of Figures

---

Figure 1: World Energy Projection System Plus (WEPS+) Model Sequence .....	7
Figure 2: The main model relationship to other WEPS+ models .....	8
Figure 3: Illustration of convergence in WEPS+ .....	10
Figure 4: Flowchart for the main model .....	13
Figure 5: Flowchart for the converge subroutine .....	14
Figure 6: Flowchart for the STEOCalib subroutine.....	16

---

## 1. Introduction

---

### Purpose of this report

The Main Model of the World Energy Projection System Plus (WEPS+) is a computer-based model that evaluates and facilitates convergence of the model system. This report describes the version of the Main Model that was used in production of the world energy projections published in the *International Energy Outlook 2016 (IEO2016)*. The WEPS+ is a modular system, consisting of 13 separate energy models that are joined together through the overall system model in order to communicate and work with each other. These models are each developed independently, but are designed with well-defined protocols for system communication and interactivity. The WEPS+ modeling system uses a common and shared database (the “restart” file) that allows all the models to communicate with each other when they are run in sequence over multiple iterations. The overall WEPS+ system uses an iterative solution technique that allows for convergence of consumption and price to a simultaneous equilibrium solution.

This report documents the objectives, analytical approach and development of the WEPS+ Main Model. It also catalogues and describes critical assumptions, computational methodology, and model source code. This document serves three purposes. First, it is a reference document providing a detailed description for model analysts, users, and the public. Second, it meets the legal requirement of the Energy Information Administration (EIA) to provide adequate documentation in support of its models (*Public Law 93-275, section 57.b.1*). Third, it facilitates continuity in model development by providing documentation from which energy analysts can undertake and analyze their own model enhancements, data updates, and parameter refinements for future projects.

### Model summary

The WEPS+ Main Model is used to evaluate and facilitate the convergence of the system at the end of a model run. This process is enabled by the communication mechanism associated with each of the demand, supply, and transformation models to achieve an overall equilibrium solution. The economic theory of dynamic markets underlies the methodology that modifies projected demand and supply until they reach equilibrium. A second function of the Main Model is to calibrate WEPS+ projections to the Energy Information Administration’s *Short-Term Energy Outlook (STEO)* world liquids consumption projections by proportionally distributing aggregated STEO petroleum consumption to the relevant WEPS+ regions and end-use sectors.

### Model archival citation

This documentation refers to the WEPS+ Main Model, as archived for the *International Energy Outlook 2016 (IEO2016)*.

## Model contact

Michael Cole  
U.S. Energy Information Administration  
U.S. Department of Energy  
1000 Independence Avenue, SW  
Washington, D.C. 20585  
Telephone: (202) 586-7209  
E-mail: [Michael.Cole@eia.gov](mailto:Michael.Cole@eia.gov)

## Organization of this report

Chapter 2 of this report discusses the purpose of the Main Model; its objectives and analytical issues; its general activities and relationships; its primary input and output variables, and its relationship to the other models in the WEPS+ system. Chapter 3 of the report describes the rationale behind the Main Model's design, providing further insight into assumptions used in the model. Chapter 4 describes the model structure in more detail, including flowcharts, variables, and equations.

## 2. Model Purpose

### Model objectives

The primary objective of the WEPS+ Main Model is to test model convergence at the end of each model iteration. When convergence is not achieved, convergence in future iterations is facilitated by adjusting price estimates to bring them nearer to the equilibrium prices. A second objective of the Main Model is to facilitate calibration of WEPS+ projections to the Energy Information Administration's *Short-Term Energy Outlook (STEO)* by proportionally distributing aggregated STEO petroleum consumption estimates to the relevant WEPS+ regions and end-use sectors.

As part of the WEPS+ system, the Main Model tests convergence for each of 16 WEPS+ world regions (Table 1). These regions consist of countries and country groupings within the broad divide of the Organization of Economic Cooperation and Development (OECD) membership.

**Table 1: Regional coverage of the World Energy Projection System Plus Model**

OECD Regions	Non-OECD Regions
United States	Russia
Canada	Other Non-OECD Europe and Eurasia
Mexico/Chile	China
OECD Europe	India
Japan	Other Non-OECD Asia
Australia/New Zealand	Middle East
South Korea	Africa
	Brazil
	Other Central and South America

### Model inputs and outputs

#### Inputs

The Main Model relies primarily on exogenous data sources that are input from the MainOutxx.txt, MainInput.xml, and CtlItr.txt data files (Table 2).

**Table 2: Main Model input data series**

Source Input File	Main Model Input
MainOutxx.txt	Projected annual fuel consumption by fuel type and end-use sector from the xx iteration of the model
	Projected fuel prices by fuel type and end-use sector from the xx iteration of the model
	Projected energy-related carbon dioxide emissions for each quantity of fuel consumed from the xx iteration of the model
MainInput.xml	Tolerance factors for convergence of consumption
	Tolerance factors for convergence of price
	Liquids projections from the <i>Short-Term Energy Outlook</i>
Ctlltr.txt	Maximum iterations allowed
	Current model iteration number
	Switch specification of whether model run is the final model run

## Outputs

Upon completion of a Main Model run, results are exported into the WEPS+ restart file for use by other models (Table 3).

**Table 3: Main model output and the WEPS+ models that use them**

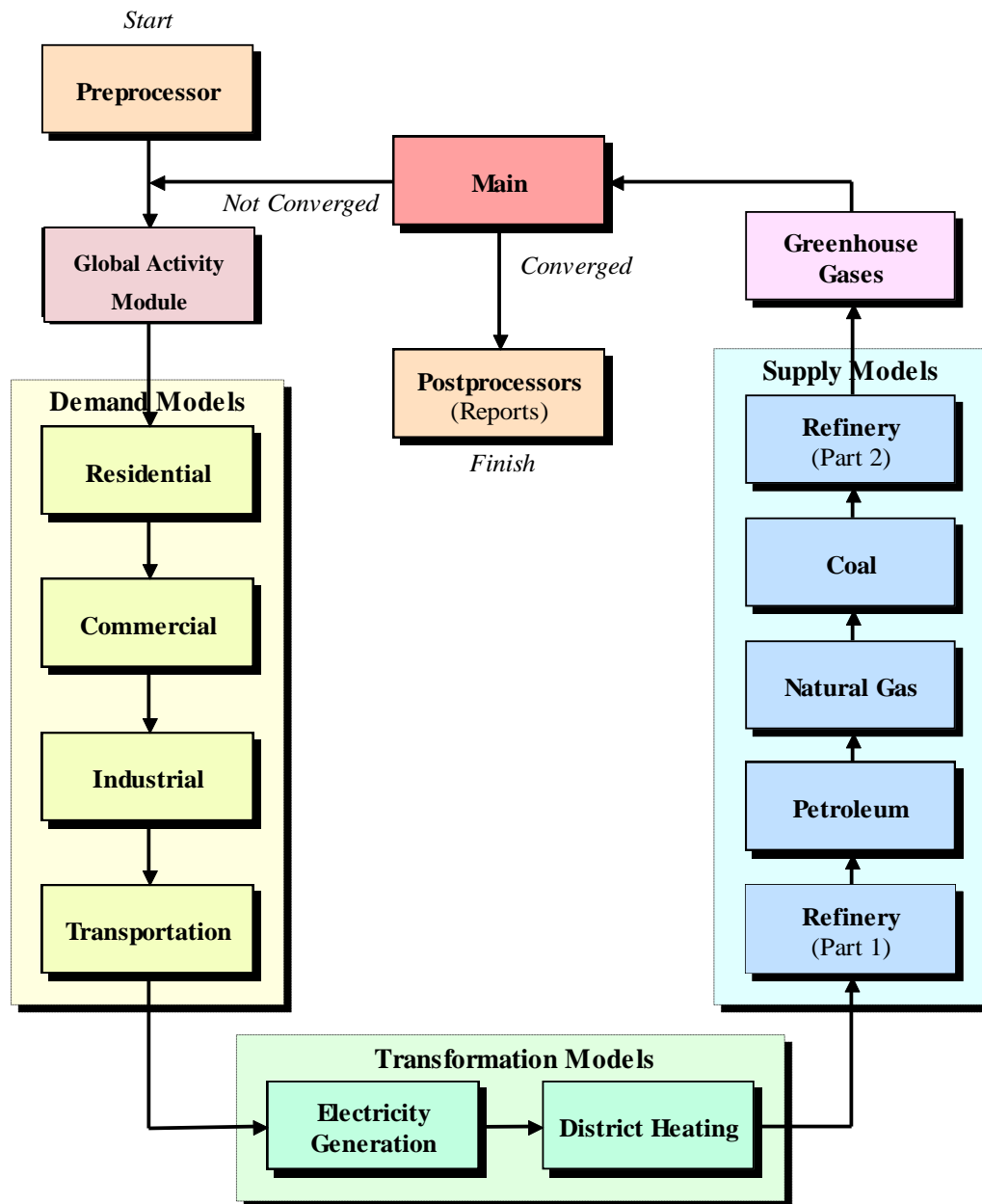
Source Input File	Main Model Input
Portion of liquid fuels consumed in each end-use sector according to the <i>Short-Term Energy Outlook</i> total consumption	Residential Model
	Commercial Model
	World Industrial Model
	International Transportation Model
	World Electricity Model
	District Heat Model
Fuel Prices	Refinery Model
	Natural Gas Model
	Coal Model
	World Electricity Model
	District Heat Model

## Relationship to other models

The Main Model determines whether convergence has been achieved or if another model iteration is required. If another run is necessary, it provides a set of fuel prices that have been pre-estimated or “relaxed” to facilitate convergence in the next iteration. Thus, the Main Model provides key inputs to the other WEPS+ components (Figure 1). A summary description of the models, flows, and mechanics of the WEPS+ system used for the *IEO2016* report is available in a separate *Overview* documentation.

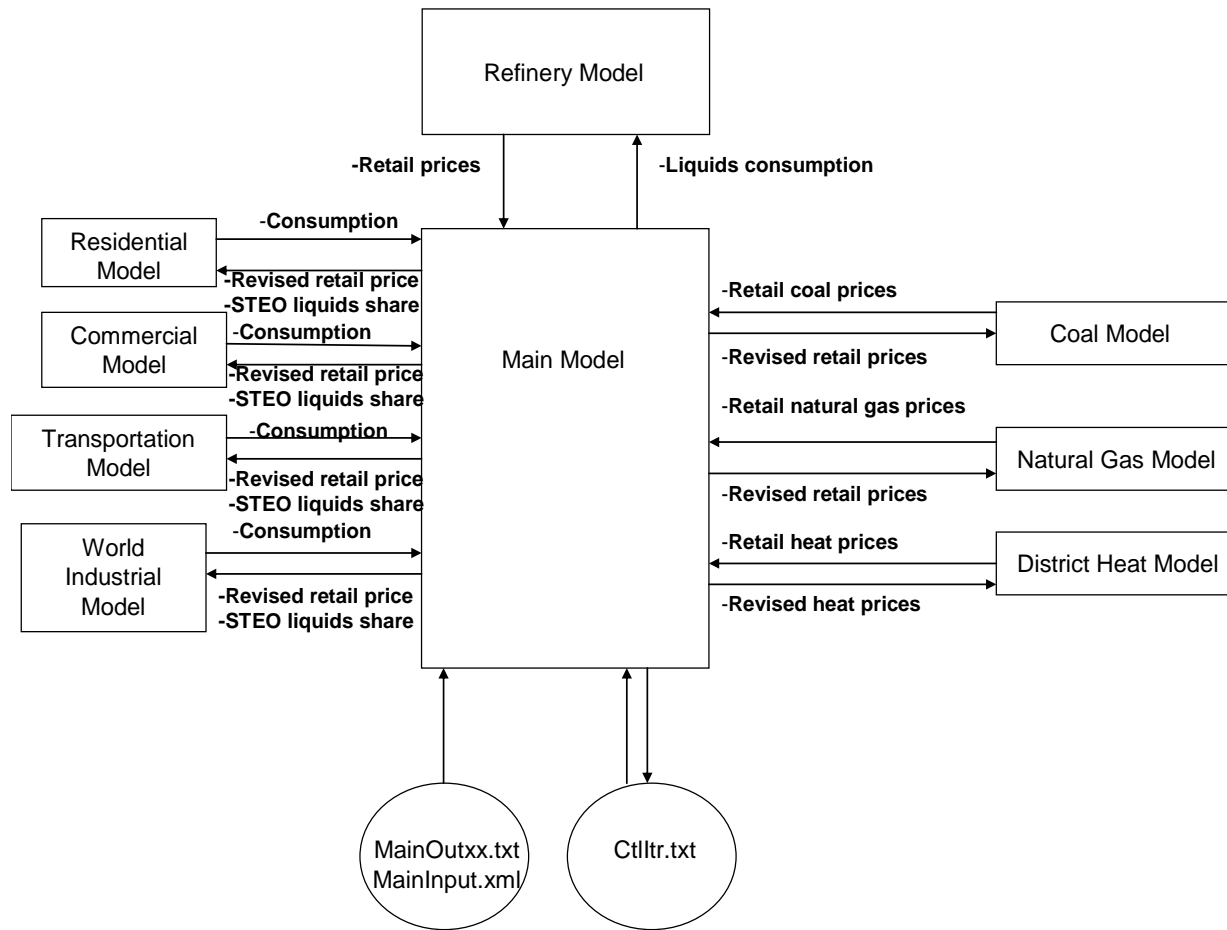


Figure 1: World Energy Projection System Plus (WEPS+) model sequence



The Main Model exogenously receives assumptions and projections of gross domestic product, population, and gross output for 53 economic sectors, and then provides these estimates (with some adjustments) to the WEPS+ demand models and the World Electricity Model (Figure 2).

Figure 2: The main model relationship to other WEPS+ models



---

## 3. Model Rationale

---

### Theoretical approach

The WEPS+ Main Model evaluates and facilitates the convergence of the system at the end of a model run. This process is enabled by the communication mechanism associated with each of the demand, supply, and transformation models to achieve an overall equilibrium solution. The economic theory of dynamic markets underlies the methodology that modifies demand and supply projections until they reach equilibrium. A second function of the Main Model is to facilitate the STEO calibration process by allocating the aggregated STEO petroleum consumption to the relevant WEPS+ regions and end-use sectors.

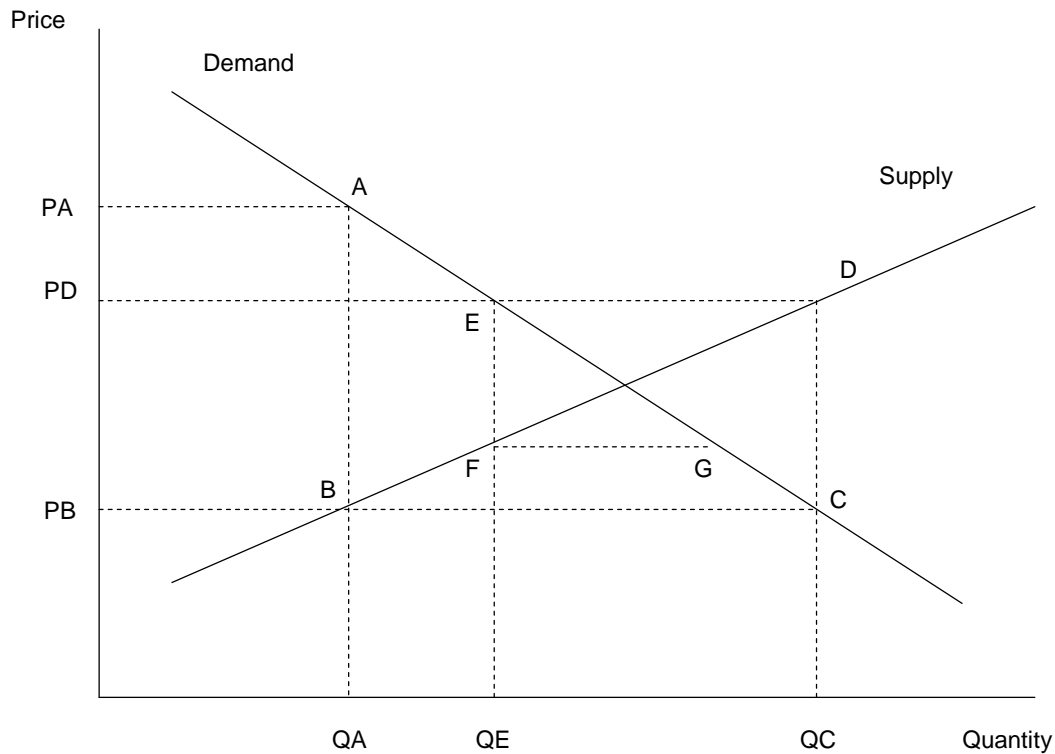
### Fundamental assumptions

The equilibrating process in WEPS+ is illustrated in Figure 3. The demand, supply, and transformation models relate consumption to prices on a demand curve and relate supply to prices on a supply curve. In WEPS+, the first models executed are the demand models, which begin with some assumed price from the Restart file. In Figure 3, this would mean an initial price,  $PA$ , is used to estimate the appropriate quantity  $QA$  at the demand curve point A. Once the demand model has been used to solve for a quantity  $QA$ , that amount is exported to the Restart file for subsequent use by the supply model.

When the supply model is executed, the  $QA$  demand is imported from the Restart file and the supply model determines from its supply requirements, that the price needed to supply  $QA$  is actually  $PB$  (at point B on the supply curve). The new price,  $PB$ , is exported to the Restart model for use by the demand model in the next iteration of the model. At the end of the iteration, the Main Model is executed and determines whether a convergence of the quantities and the prices has been achieved. The quantities and prices from the previous iteration are compared to the  $QA$  and  $PB$  estimated in the current iteration. If  $QA$  is not sufficiently similar to the prior quantity and  $PB$  is not sufficiently similar to  $PA$ , the system has not achieved convergence. The system will then begin another run of WEPS+ where all the models are executed again.

In the next iteration, the demand model reads the price  $PB$  from the Restart file and the demand model calculates a new quantity,  $QC$  (this is at the point C on the demand curve) and exports that amount to the Restart file. When the supply model is again executed, the  $QC$  quantity is imported and the model determines that the price  $PD$  (this is at the point D) is required to produce quantity  $QC$ , and price  $PD$  is exported to the Restart file. Again, at the end of the system iteration, the Main Model is executed and a convergence check is made for quantities and prices. At the end of the previous iteration, the quantity was  $QA$  and the price was  $PB$ , and now at the end of this iteration they are  $QC$  and  $PD$ . The differences are now smaller than they were after the last iteration, but are still too large, so the system has not achieved convergence, and the model system must be executed once more.

Figure 3: Illustration of convergence in WEPS+



In the final iteration, demand is estimated to be at point E and on the demand curve and supply is estimated to be at point F on the supply curve. The differences between the starting points and the ending points for consumption and prices have narrowed substantially, and the differences are smaller than the user-determined convergence “tolerance.” As a result, the results are sufficiently close to the equilibrium point, so the model has achieved convergence. After the modeling system has converged, the post-processing tasks (i.e. report writing) are initiated.

The convergence process described above is a simplification of the WEPS+ system. In fact, the WEPS+ process also includes a price adjustment or equilibrium price pre-estimation that will facilitate model convergence when necessary. Price relaxation is done for two primary reasons. First, it is possible that the shapes of the demand and supply curves are such that it is not possible to reach convergence and, instead, supply and demand diverge (this depends upon the relative elasticity of each curve). Price relaxation makes this less likely. Second, price relaxation can greatly reduce the number of iterations and speed the movement to convergence.

Price relaxation is used when the system has not converged and is moving to the next iteration. Instead of using the price from the current iteration to start the next iteration, the Main Model estimates the equilibrium price and exports that estimate into the Restart file for use in the next system iteration. To

explain the price relaxation technique, consider the illustration in Figure 3. Ordinarily, after the price has changed from PB to PD, the system would start the next iteration with the price PD in the Restart file. But with price relaxation, instead of using the price PD, the Main Model estimates the equilibrium price by choosing the price that falls midway between PB and PD. The original price PD, which the supply model exports into the Restart file, is then replaced with this alternative midpoint price. This simple midpoint estimate allows the price to be much closer to the equilibrium price. When the demand model is then executed in the next iteration, the alternative, pre-estimated equilibrium price will cause the demand to be much nearer to the equilibrium demand and thus greatly decreases the number of iterations needed for convergence.

There are a number of additional complications in the WEPS+ system relative to the simplified convergence process discussed. First, the WEPS+ system does not consist of one single demand and supply curve, but instead consists of a large number of energy sources and end use sectors in 16 regions. Moreover, some of the demand and supply models may be interrelated, and in some cases the supply models can be solving for an aggregate of many demands. Second, the actual convergence criteria that are used are based on an overall weighted average rating which can involve several fuels for a particular region or other aggregates. This is referred to as the convergence “GPA,” the specifics of which are determined by the user, along with the tolerance levels for the specific fuels and prices. Third, in each system iteration, since the models in WEPS+ are run for all years over the projection horizon, the convergence checking is done for all projection years.

---

## 4. Model Structure

---

### Structure overview

The main purpose of the Main Model is to import projections of energy consumption, energy prices, and energy-related carbon dioxide emissions generated in the previous model iteration and compare them to the current iteration results to determine whether model convergence has been achieved. If convergence has not been achieved, the model calculates any required adjustments to the prices to ease the convergence process and then exports the new prices to the shared restart file before another iteration is executed. In addition, the model calculates the regional portion of liquids consumed, by end-use sector, based upon projections from EIA's *Short-Term Energy Outlook* for use in the supply, demand, and transformation sector models.

The basic structure of the Main Model is illustrated in Figure 4. A call from the WEPS+ interface to the Main Model opens the restart file and initiates the ReadCtlItr and ReadLYr subroutines, which both import data from prior model iterations. ReadCtlItr imports data from the Curltr.txt file identifying the maximum number of iterations allowed, the current iteration number, and an indicator of whether the final iteration has occurred. ReadLYr imports all consumption, price, and energy-related carbon dioxide projections from the previous model iteration from the MainOutxx.txt file.

The Converge subroutine (Figure 5) is initiated once the two read subroutines have completed. This subroutine tests model convergence. The subroutine begins by importing the consumption (or quantity) tolerances and price tolerances for each product and region from the MainInput.xml file. Retail prices available from the restart file are next adjusted according to any carbon price scenario specified by the user (this feature was not used in the *IEO2016*).

Once the data imports have been completed, the Converge subroutine calculates a grade point average (GPA) for the quantities and prices. This is done by computing percent differences between the quantities/prices for the current model iteration and the previous one divided by the imported tolerance for each product/price, and then the absolute value of this quotient is subtracted from 5.0. Summary GPAs are next calculated on a worldwide, regional, and fuel/end-use sector basis. The regional ones are used to check for convergence. If the regional GPAs for quantities and prices are greater than 3.50, the model has converged. If not, retail prices are revised to fall half way between the prices from the current model iteration and those from the previous one. Finally, the quantities, prices (revised or not), and carbon dioxide emissions from the current iteration are exported to a new MainOutxx.txt file that is associated with the current iteration.

Once the Converge subroutine has completed, the model determines whether a calibration to the *Short-Term Energy Outlook (STEO)* output is required. If it is, the STEOCalib subroutine is next initiated. The subroutine begins by importing the latest *STEO* projection for regional liquids demand from the MainInput.xml data file. The variable STEOLYr is also imported from the MainInput.xml file and is the final year of the *STEO* projection. Next, the process of proportioning out the *STEO* regional projections to the WEPS+ regional aggregates and the end use sectors (excluding liquids for electric power) begins. First the WEPS+ regional sectoral liquids consumption projections are computed. Revised WEPS+ end use sector consumption projections for the *STEO* projection years are then calculated based upon *STEO*

total liquids consumption that has been apportioned to WEPS+ regions. Once these *STEO*-based liquid consumption projections at the sector level have been calculated, the numbers are exported to the restart file where they will be ready for use in the demand, supply, and transformation models.

The remaining subroutines that follow *STEOCalib* are all used to write reports or output to data files. The *WriteCtlItr* subroutine is used to generate a new *Curltr.txt* file identifying the maximum number of iterations allowed, the current iteration number, and an indicator of whether the final iteration has occurred for the next model iteration. After the *WriteCtlItr* subroutine has executed, the *WriteRestart* subroutine is executed. *WriteRestart* provides projections to the restart file for use in future iterations of WEPS+.

## Flow diagrams

Figure 4: Flowchart for the main model

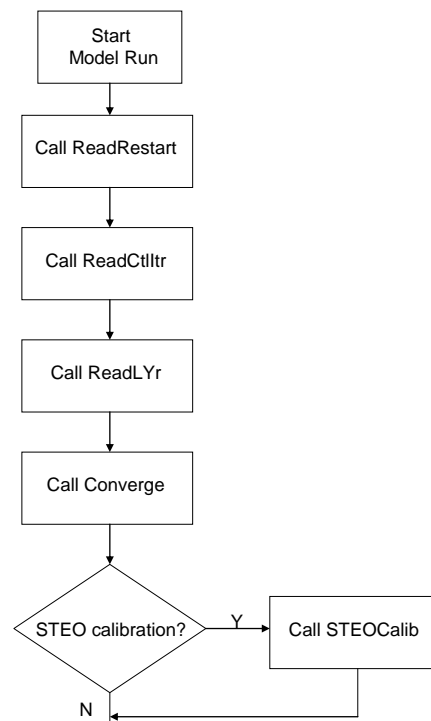
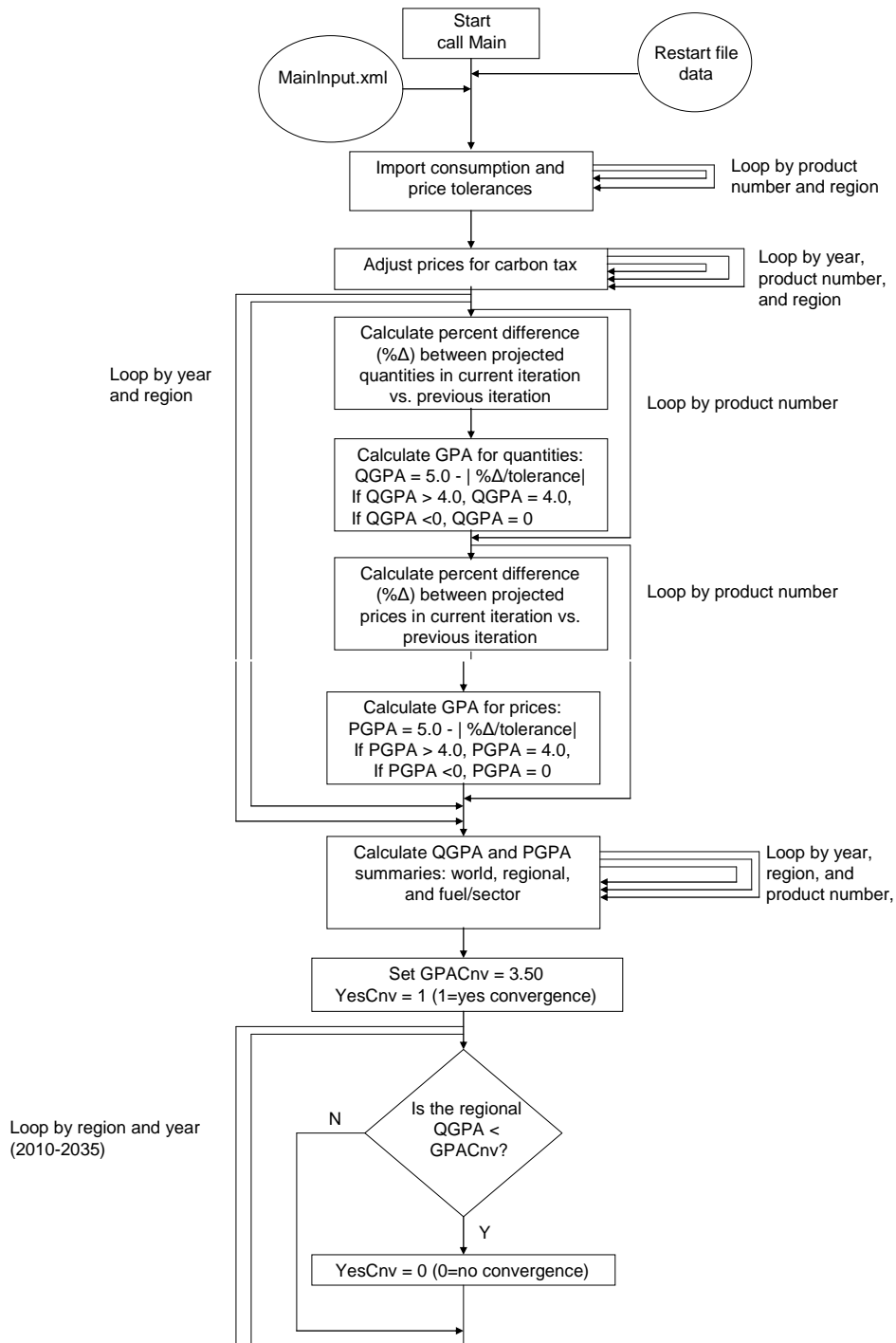


Figure 5: Flowchart for the converge subroutine





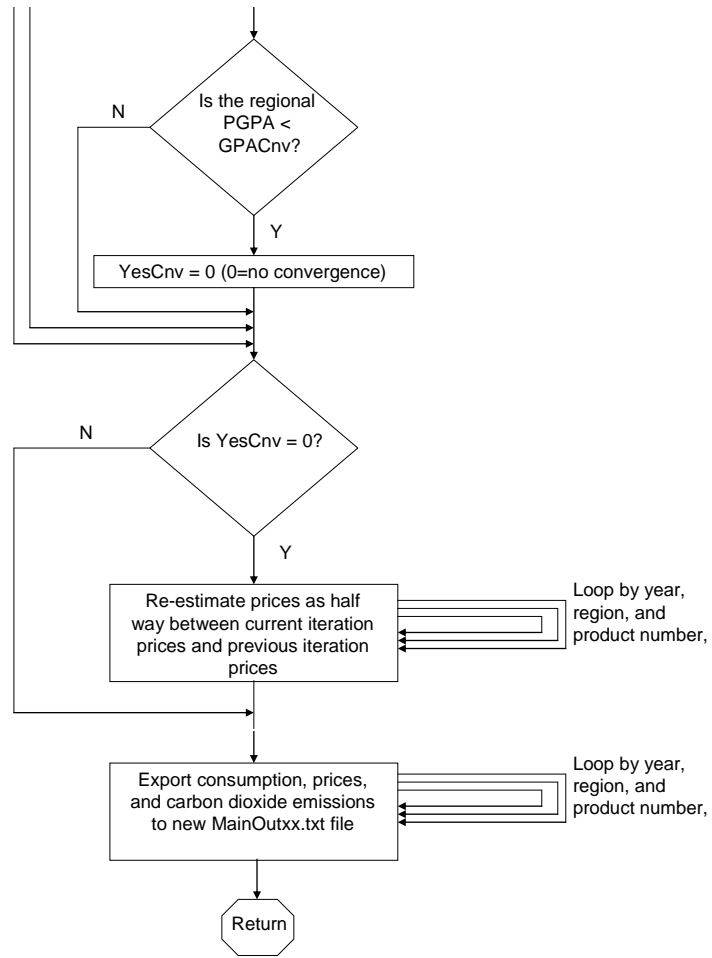
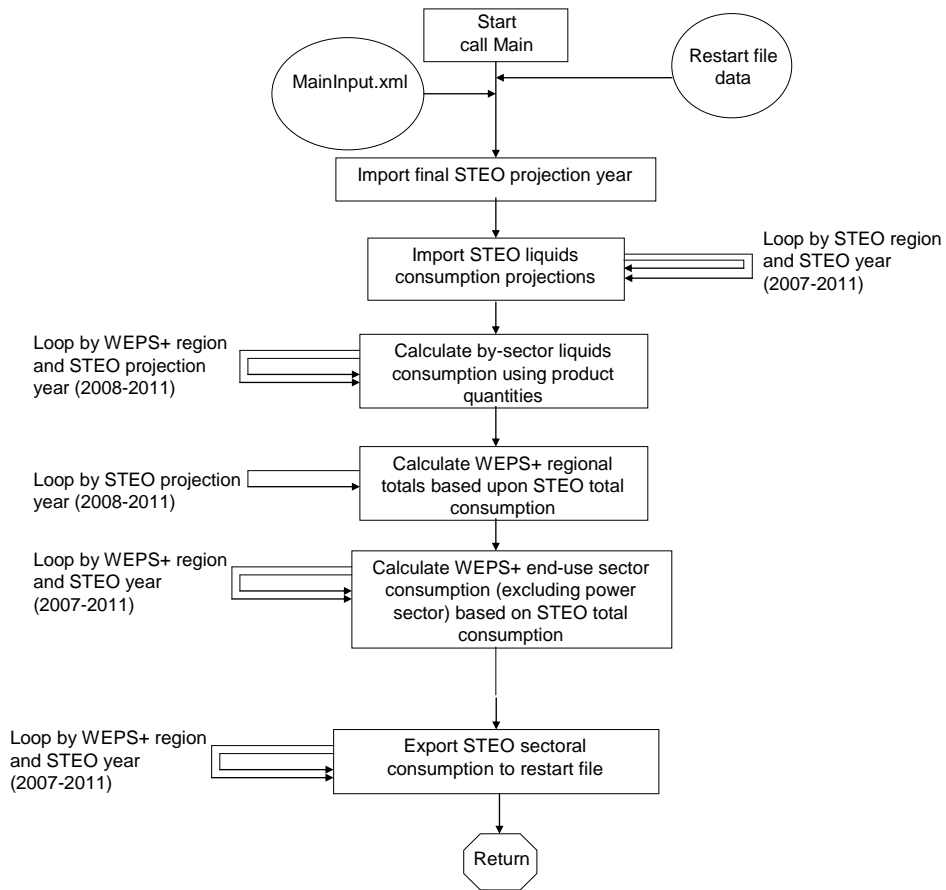


Figure 6: Flowchart for the STEOCalib subroutine



## Key computations

### *Convergence check*

The Main Model is the last model run by the WEPS+ system. A single complete set of model runs is referred to as one iteration. A complete run could consist of several iterations (the iterative process) as the system attempts to converge to a simultaneous equilibrium solution as illustrated in the Model Assumptions section of this report. The WEPS+ system also has the capability to allow users to run individual models outside of the iterative process. A model which is run before the iterative process begins is a pre-processor, typically used to set parameters and assumptions before the iterative process begins. A model which is run after the iterative process is a post-processor, typically used for generating reports.

The specific sequence of model execution in WEPS+ is important, because each model uses the results from the models that precede it to calculate a new projection. The WEPS+ system uses the Restart file as a common, shared database for communication between the models. The Residential Model, for instance, calculates residential sector energy consumption projections based upon the prices imported from the Restart file. In the first iteration, the prices in the Restart file are the results of a previous run, but as iterations are made these prices are adjusted based upon the results of executing the supply models. In turn, the energy consumption projected by the Residential Model is used by the supply models to re-calculate prices. In addition, the transformation models such as the World Electricity Model use both the consumption projected by the demand models and the fuel prices adjusted in the supply models to calculate fuel consumption which is then subsequently used in the supply models. This exchange of data can be characterized as basically a set of demand curves and supply curves that are brought to an equilibrium solution through a series of successive approximations.

At the end of a model iteration, the Main Model is run. It imports all the consumption and price projections from the Restart file. All these values are results of the execution of all of the other WEPS+ models in a single iteration. The Main Model also imports all the consumption and price projections that were in the Restart file before the current iteration began. When a system run begins, a preprocessor is used to import consumption and price values from the existing version of the Restart file before any model run occurs. At the end of each iteration, the Main Model creates the “MainOutxx.txt” file, which contains all the current Restart file values, where “xx” denotes the iteration number associated with the current system execution. At the end of system run, all of these “MainOut” files are available and the user can track the evolution of the convergence process.

The Main Model thus has two sets of consumption and price projections, one from before the iteration began and one from the end of the iteration. These two sets of consumption and price projections are compared as part of the Main Model to determine the extent of the change of an individual value from one model iteration to the next. For each consumption and price value by fuel  $f$ , region  $r$ , and year  $y$ , the proportional changes in consumption and price are calculated. In the variable definitions for the following equations, we suppress the indices  $f$ ,  $r$ , and  $y$ .

$$PCQty(f, r, y) = \left( \frac{ConBefore(f, r, y)}{ConAfter(f, r, y)} \right) - 1.0$$

$$PCPr c(f, r, y) = \left( \frac{PrcBefore(f, r, y)}{PrcAfter(f, r, y)} \right) - 1.0$$

where  $PCQty$  and  $PCPr c$  are the proportional changes in consumption and price, respectively;

$ConBefore$  and  $ConAfter$  are the consumption values before and after iteration, respectively; and

$PrcBefore$  and  $PrcAfter$  are the price values before and after iteration, respectively.

The Main Model imports a set of convergence tolerance levels from an input file. These tolerances specify, for each consumption and price value, the amount of proportional change from iteration to iteration that is considered reasonable. These convergence tolerances are specified for each fuel in each region and for the *IEO2016* were typically set to be 0.02 (or about 2 percent) for both quantities and prices.

The degree to which the proportional change for each of the consumption and price values comes close to its tolerance level is measured by the grade point average (GPA). This is a concept taken from the Energy Information Administration's National Energy Modeling System (NEMS) and used in the WEPS+ Main Model, although the way it is calculated differs in some cases. If the proportional change is equal to or better than the tolerance, then the GPA for that value is set at 4.0. Otherwise, it is calculated as follows, and bounded to be no greater than 4.0 and no less than 0.0:

$$GPACon(f, r, y) = 5.0 - \left( \frac{PCQty(f, r, y)}{QTol(f, r, y)} \right)$$

$$GPAPrc(f, r, y) = 5.0 - \left( \frac{PCPr c(f, r, y)}{PTol(f, r, y)} \right)$$

where  $GPACon$  and  $GPAPrc$  are the GPAs for consumption and price, respectively;

$QTol$  and  $PTol$  are the tolerances for consumption and price, respectively.

As an example, if the tolerance is 0.02 and the proportional change is 0.02 or less, the GPA is 4.0. On the other hand, if the proportional change is 0.04, then the GPA would be 3.0. Any proportional change greater than or equal to 0.10 would have a GPA of 0.0.

The GPAs are a convenient way to determine the degree of the convergence, given the tolerance level. The model calculates aggregate summary GPAs for consumption and for prices (ignoring those categories for which the tolerance is not being considered, like the mostly exogenous renewable energy sources that are determined more by government policy than price changes) that give an overall measure of convergence.

The model uses the GPAs to determine whether convergence has been achieved in the current iteration. For the *IEO2016*, the model determines if GPAs for consumption and price (over fuels, regions, and years) have reached a score of 3.5 or higher. If each has, then the model has converged and there will be an additional iteration solely for the purpose of "report writing." If the model has not achieved

convergence, then it will continue with further iterations until it has converged or until it has reached the maximum number of iterations allowed. The Main Model communicates that an iteration is a final one by exporting the appropriate information to the output file, "Ctltr.txt" that is then read and acted upon by the system.

If the modeling system has not achieved convergence and is going to continue with iterations, an adjustment is applied to facilitate convergence. This is done by the Main Model through a process of "relaxing" the prices, discussed above. Basically, since the model has not reached equilibrium, there is another set of prices that would shift the demand closer to the equilibrium point. The prices are relaxed by re-estimating them to be values halfway between the value at the start of the iteration and the value at the end of the iteration. Although this algorithm is fairly simple, it is very effective:

$$PrcNew(f, r, y) = \frac{PrcBefore(f, r, y) + PrcAfter(f, r, y)}{2.0}$$

where  $PrcBefore$  and  $PrcAfter$  are the price values before and after the iteration,

$PrcNew$  is the new relaxed price by fuel, region, and year.

## STEO allocations for sector calibration

The *Short-Term Energy Outlook (STEO)* projects international liquids consumption by region. The *STEO* regions are more aggregate than the WEPS+ regions, and the *STEO* includes no sectoral or product detail. Nonetheless, the *IEO2016* projection is expected to replicate the aggregate *STEO* values. The Main Model imports the *STEO* liquids projections and apportions total regional liquids consumption according to the WEPS+ regions and end use sectors. (Note that the power generation sector is not included in the sharing routine because its consumption of liquid fuels is very small and because the World Electricity Model is much more complex in terms of representing energy transformation.) The end result is that the sectoral allocations are calculated within the Main Model and exported to the restart file so that they can be used in each demand model and the District Heat Model.

The first step is to allocate the *STEO* consumption to the 16 WEPS+ regions. This is a fairly straightforward process, because the fifteen *STEO* regions are all super-sets of the WEPS+ regions. As a result, it is a simple matter of allocating consumption from the *STEO* regions to the WEPS+ regions in proportion to the WEPS+ regional consumption estimates.

Next, the WEPS+ consumption projections must be proportioned by end use sector level. Again, the electric power generation sector is not included in the sharing. Liquids consumption for electricity generation is subtracted from the *STEO* total for each region.

$$RemSTEO(r, y) = TotSTEO(r, y) - WEPSSector(electricity, r, y)$$

where  $TotSTEO$  is the total consumption from *STEO* in region  $r$  and year  $y$ ;

$WEPSSector(s, r, y)$  is sectoral consumption from WEPS+ for sector  $s$  in region  $r$  and year  $y$

$WEPSSector(electricity, r, y) = WEPSSector(s, r, y)$ , where  $s$  is consumption for electricity generation.

$RemSTEO$  is the remaining consumption from STEO in region  $r$  and year  $y$ .

Finally, the STEO liquids consumption is allocated according to each end-use sector based upon the WEPS+ sector share of consumption:

$$STEOSector(s, r, y) = TotSTEO(r, y) * \frac{WEPSSector(s, r, y)}{WEPSTot(r, y) - WEPSSector(electricity, r, y)}$$

where  $STEOSector$  is sectoral consumption from STEO for sector  $s$  in region  $r$  and year  $y$ ;

The allocations of STEO consumption by end use sector, region, and year are saved into the Restart file for use by each sector model to perform STEO calibration.

---

## Appendix A. Model Abstract

---

### Model name:

The Main Model of the World Energy Projection System Plus

### Model acronym:

None

### Model description:

The Main Model of the World Energy Projection System Plus (WEPS+) is a computer-based model that assesses the degree to which model system convergence has occurred and facilitates convergence.

### Model purpose:

The primary purpose of the WEPS+ Main Model is to test model convergence at the end of each model iteration. When convergence is not achieved, convergence in future iterations is facilitated by adjusting price estimates to bring them nearer to the equilibrium price. A second objective of the Main Model is to facilitate calibration of WEPS+ projections to the Energy Information Administration's *Short-Term Energy Outlook (STEO)* world liquids consumption projections by proportionally distributing aggregated STEO petroleum consumption estimates to the relevant WEPS+ regions and end-use sectors.

### Most recent model update:

2015

### Part of another model:

World Energy Projection System Plus (WEPS+)

### Model interfaces:

The Main Model uses the outputs generated by a complete iterative cycle of the WEPS+ system. It checks to see whether an individual model iteration has achieved model convergence and, if it has not, facilitates convergence by adjusting retail end use sector prices for the next model cycle. The Main Model also imports liquids consumption projections from the Energy Information Administration's *Short-Term Energy Outlook (STEO)* so that the model results may be calibrated to STEO projections in the WEPS+ demand and transformation models.

### Official model representative:

Michael Cole

U.S. Energy Information Administration

United States Department of Energy

1000 Independence Avenue, SW

Washington, D.C. 20585

Telephone: (202) 586-7209

E-mail: [Michael.Cole@eia.gov](mailto:Michael.Cole@eia.gov)

**Documentation:**

Energy Information Administration, U.S. Department of Energy, *Main Model of the World Energy Projection System Plus: Model Documentation 2016*, DOE/EIA-M080(2011) (Washington, DC, September 2011).

**Archive information:**

The model is archived as part of the World Energy Projection System Plus archive of the runs used to generate the *International Energy Outlook 2016*.

**Energy system described:**

Evaluating model convergence of energy consumption and retail energy price projections.

**Coverage:**

- Geographic: Sixteen WEPS+ regions: U.S., Canada, Mexico/Chile, OECD Europe, Japan, Australia/New Zealand, South Korea, Russia, other non-OECD Europe and Eurasia, China, India, other non-OECD Asia, Middle East, Africa, Brazil, and other Central and South America.
- Mode: grade point averages and regional end-use sector liquid fuels.
- Time Unit/Frequency: Annual, through 2040.

**Modeling features:**

The WEPS+ Main Model is used to evaluate and facilitate the convergence of the modeling system. Driving this process is the basic economic concept of dynamic markets using prices to equilibrate demand and supply.

**DOE Input sources:**

Energy Information Administration, International Energy Statistics Database, web site [www.eia.gov/emeu/international](http://www.eia.gov/emeu/international)

Energy Information Administration, *Short Term Energy Outlook (STEO)*, Washington, D.C.

**Non-DOE input sources:**

International Energy Agency (IEA), *Energy Balances of OECD Countries*, Paris.

International Energy Agency (IEA), *Energy Balances of Non-OECD Countries*, Paris.

**Independent expert reviews:**

None

**Computing environment:**

*Hardware/Operating System:* Basic PC with Windows.

*Language/Software Used:* Python, Fortran 90/95

*Run Time/Storage:* Standalone model with one iteration runs in about 3-4 seconds, CPU memory is minimal, inputs/executable/outputs require less than 20MB storage.

*Special Features:* None.



## Appendix B. Input Data and Variable Descriptions

The following variables represent data input from the file MainOutxx.txt. The indices are defined as follows:  $x$  = end-use sector;  $r$  = region;  $y$  = year.

Classification: Input variable.

$QBak(x,r,y)$ :	Quantity of fuel consumption by fuel type and end-use sector (73 different quantities) and by region and year
$PBak(x,r,y)$ :	Price of fuel, according to fuel type and end-use sector (47 different prices) and by region and year
$EBak(x,r,y)$ :	Energy-related carbon dioxide emissions for each quantity of fuel consumed (73 different quantities) and by region and year

The following variables represent data input from the file MainInput.xml.

Classification: Input variable.

$QTol(x,r)$ :	Consumption tolerance factor for each quantity (products by sector—73 total) and region
$PTol(x,r)$ :	Price tolerance factor for each price (by fuel and end-use sector—47 total)
$STEOLYr$ :	Last year of the <i>Short-Term Energy Outlook</i> calibration routine
$SQty(r,y)$ :	<i>STEO</i> liquids consumption projections by region and year.

The following variables represent data input from the file CtlItr.txt.

Classification: Input variable.

$MaxItr$ :	The maximum number of model iterations allowed (specified by the user)
$Curltr$ :	The current iteration the model is executing
$RptItr$ :	Switch that identifies whether the current iteration is the final iteration (0=no, 1=yes)

The following variables represent data input from the Restart file.

Classification: Input variable from the demand models.

$FConEqu(r,y,x)$ :	Quantity of fuel consumption according to product number (by fuel and end-use sector—73 total), and by region and year
$FPrNum(r,y,x)$ :	Retail prices of each fuel according to product number (by fuel and end-use sector—47 total), and by region and year

---

<i>APrcEqu(r,y,x):</i>	Carbon price adjustment according to product number (by fuel and end-use sector—47 total), and by region and year
<i>DSMap(x):</i>	Index to map each consumption quantity number to an end-use sector (1=residential; 2=commercial; 3=industrial; 4=transportation; 5=electric power; 6=district heat)
<i>DFMap(x):</i>	Index to map each consumption quantity number to one of 25 fuel types (1=motor gasoline; 2=distillate; ...; 24=nuclear; and 25=hydrogen)
<i>PSMap(x):</i>	Index to map each price number to an end-use sector (1=residential; 2=commercial; 3=industrial; 4=transportation; 5=electric power; 6=district heat)
<i>PFMap(x):</i>	Index to map each price number to one of 25 fuel types (1=motor gasoline; 2=distillate; ...; 24=nuclear; and 25=hydrogen)
<i>QDSRS(r,y):</i>	Distillate fuel consumption in the residential sector by region and year
<i>QKSRS(r,y):</i>	Kerosene consumption in the residential sector by region and year
<i>QLGRS(r,y):</i>	Liquefied petroleum gas consumption in the residential sector by region and year
<i>QMGCM(r,y):</i>	Motor gasoline consumption in the commercial sector by region and year
<i>QDSCM(r,y):</i>	Distillate fuel consumption in the commercial sector by region and year
<i>QRSCM(r,y):</i>	Residual fuel consumption in the commercial sector by region and year
<i>QKSCM(r,y):</i>	Kerosene consumption in the commercial sector by region and year
<i>QLGCM(r,y):</i>	Liquefied petroleum gas consumption in the commercial sector by region and year
<i>QMGIN(r,y):</i>	Motor gasoline consumption in the industrial sector by region and year
<i>QDSIN(r,y):</i>	Distillate fuel consumption in the industrial sector by region and year
<i>QRSIN(r,y):</i>	Residual fuel consumption in the industrial sector by region and year
<i>QLGIN(r,y):</i>	Liquefied petroleum gas consumption in the industrial sector by region and year
<i>QPCIN(r,y):</i>	Petroleum coke consumption in the industrial sector by region and year
<i>QSPIN(r,y):</i>	Sequestered petroleum consumption in the industrial sector by region and year
<i>QOPIN(r,y):</i>	Other petroleum consumption in the industrial sector by region and year
<i>QCDIN(r,y):</i>	Crude oil consumption in the industrial sector by region and year
<i>QETIN(r,y):</i>	Ethanol consumption in the industrial sector by region and year

---

$QOBIN(r,y)$ :	Other biofuels consumption in the industrial sector by region and year
$QMGTR(r,y)$ :	Motor gasoline consumption in the transportation sector by region and year
$QDSTR(r,y)$ :	Distillate fuel consumption in the transportation sector by region and year
$QRSTR(r,y)$ :	Residual fuel consumption in the transportation sector by region and year
$QLGTR(r,y)$ :	Liquefied petroleum gas consumption in the transportation sector by region and year
$QJFTR(r,y)$ :	Jet fuel consumption in the transportation sector by region and year
$QSPTR(r,y)$ :	Sequestered petroleum consumption in the transportation sector by region and year
$QOPTR(r,y)$ :	Other petroleum consumption in the transportation sector by region and year
$QCDTR(r,y)$ :	Crude oil consumption in the transportation sector by region and year
$QETTR(r,y)$ :	Ethanol consumption in the transportation sector by region and year
$QOBTR(r,y)$ :	Other biofuels consumption in the transportation sector by region and year
$QDSPG(r,y)$ :	Distillate fuel consumption in the electric power sector by region and year
$QRSPG(r,y)$ :	Residual fuel consumption in the electric power sector by region and year
$QCDPG(r,y)$ :	Crude oil consumption in the electric power sector by region and year
$QDSDH(r,y)$ :	Distillate fuel consumption for district heat by region and year
$QRSDH(r,y)$ :	Residual fuel consumption for district heat by region and year
$QCDDH(r,y)$ :	Crude oil consumption for district heat by region and year

The following variables represent data calculated in the subroutine STEOCalib.

Classification: Computed variable.

$STEOPTRS(r,y)$ :	The portion of petroleum consumed in the residential sector based upon the <i>Short-Term Energy Outlook</i> projection by region and year
$STEOPTCM(r,y)$ :	The portion of petroleum consumed in the commercial sector based upon the <i>Short-Term Energy Outlook</i> projection by region and year
$STEOPTIN(r,y)$ :	The portion of petroleum consumed in the industrial sector based upon the <i>Short-Term Energy Outlook</i> projection by region and year

<i>STEOPTTR(r,y):</i>	The portion of petroleum consumed in the transportation sector based upon the <i>Short-Term Energy Outlook</i> projection by region and year
<i>STEOPTPG(r,y):</i>	The portion of petroleum consumed in the electric power sector based upon the <i>Short-Term Energy Outlook</i> projection by region and year
<i>STEOPTH(r,y):</i>	The portion of petroleum consumed for district heat based upon the <i>Short-Term Energy Outlook</i> projection by region and year

The following variables represent data calculated in the subroutine Converge.

Classification: Computed variable.

<i>QGPA(x,r,y):</i>	Grade point average for consumption convergence test by product number code <i>x</i> (total of 73) and region and year
<i>PGPA(x,r,y):</i>	Grade point average for price convergence test by price code <i>x</i> (total of 47) and region and year
<i>WQGPA(y):</i>	World summary consumption grade point average by year
<i>WPGPA(y):</i>	World summary price grade point average by year
<i>RQGPA(r,y):</i>	Regional consumption grade point average by year
<i>RPGPA(r,y):</i>	Regional price grade point average by year
<i>FQGPA(x,y):</i>	By fuel product consumption <i>x</i> (total of 73) grade point average by year
<i>FPGPA(x,y):</i>	By price code <i>x</i> (total of 47) grade point average by year
<i>YesCnv:</i>	Switch to confirm convergence has occurred (0=no; 1=yes)
<i>FPrEqu(r,y,x):</i>	Calculated relaxed fuel price by region, year, and price code <i>x</i> , if convergence is not met

## Appendix C. References

---

1. Walter Nicholson, *Microeconomic Theory: Basic Principles and Extensions* (Harcourt College Publishers, Fort Worth: Texas, 1972).
2. Franklin J. Stermole and John M. Stermole, *Economic Evaluation and Investment Decision Methods: Eleventh Edition* (Investment Evaluations Corporation, Lockwood, CO, 2006).
3. Alpha C. Chiang, *Fundamental Methods of Mathematical Economics* (McGraw-Hill Book Company, NY: NY, 1967).
4. Wayne L. Winston, *Operations Research: Applications and Algorithms* (Brooks/Cole—Thomson Learning, Belmont, CA, 2004).
5. International Energy Agency, *Energy Statistics and Balances of OECD Countries*, web site [www.iea.org](http://www.iea.org) (subscription site).
6. International Energy Agency, *Energy Statistics and Balances of Non-OECD Countries*, web site [www.iea.org](http://www.iea.org) (subscription site).

---

## Appendix D. Data Quality

---

### Introduction

The WEPS+ Main Model is used to evaluate and facilitate the convergence of the system at the end of a model run. It is also used to facilitate calibration of WEPS+ projections to the Energy Information Administration's *Short-Term Energy Outlook (STEO)* world liquids consumption projections proportionally distributing aggregated STEO petroleum consumption to the relevant WEPS+ regions and end-use sectors. These computations use the data elements as detailed in Appendix B of this report. The documentation details transformations, estimation methodologies, and resulting inputs required to implement the model algorithms in Chapter 4: Model Structure. The quality of the principal sources of input data is discussed in Appendix D. Information regarding the quality of parameter estimates and user inputs is provided where available.

### Source and quality of input data

#### *Sources of input data*

- *STEO* – Short-term liquid fuel consumption is provided by region from EIA's *Short-Term Energy Outlook*.
- *International Statistics Database* – The Energy Information Administration provides historical data on international energy consumption by fuel type. These data are used as the historical basis for all regional projections that appear in the *IEO2016*.
- *International Energy Agency* – The by-end-use-sector, by-product historical data are available from the OECD and non-OECD balances and statistics databases by country on the subscription site [www.iea.org](http://www.iea.org). These data are benchmarked to the historical aggregate energy consumption data provided in the Energy Information Administration's international statistical data base.

#### *Data quality verification*

As a part of the input and editing procedure, an extensive program of edits and verifications was used, including:

- Consistency checks
- Technical edits to detect and correct errors, extreme variability