Applications and Value of Uncertainty Forecasts

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Task Objective is to encourage improvements in:
1) weather prediction
2) power conversion
3) use of forecasts

Task Organisation is to encourage international collaboration between:
- Research organisations and projects
- Forecast providers
- Policy Makers
- End-users and stakeholders

Task Work is divided into 3 work packages:
WP1: Weather Prediction Improvements inclusive data assimilation
WP2: Development of a benchmarking platform & best practice guidelines
WP3: Communication of best practice in the use of wind power forecasts
Questions that I want to answer....

What is the value of a forecast and how can we determine it?

Interpretation of the results from the use of forecast uncertainty in the power business in the IEA Wind Task 36

What have we learned so far

What are the challenges that come with higher penetration levels

Some explanatory examples...
What is the value of forecasting

**Deterministic forecasting**

Cost of the forecasts versus “not having a forecast”

Traditionally statistical metrics (MAE, RMSE, BIAS, STDV) are used to define “skill”

*Maturity of markets, increased penetration of RES call for other products:

**Uncertainty forecasts:**

Quantifying value is more complex due to more complex structures & applications

Statistical tests are now used to define “reliability”, “sharpness” and “resolution”

Evaluation is then more a “process check-up” with help of decision support tools
Where does the complexity of today's power markets stem from?

Grid security
Market
Balancing

1-6 days
Price FC
Capacity Plan
Unit commitment
*Daily probability*

7-30 days
Futures
Weekly
*Probability*

Intraday
Market
Max accuracy

Day Ahead
Market
*Smooth FC*

Enduser
Optimization
Probability intervals

Decision Making

Measurement
Quality
Control
*Independence*
IEA Wind Task 36 setup of industry interviews

Questions were separated into 2 categories:

**General character** to identify:
- the type of business
- the size of the organisation
- the span of the business processes
- the possible existing barriers

**Forecasting & uncertainty** to identify:
- the forecasting products used today
- the knowledge & awareness of probabilistic products
- the challenges that hinder the implementation of new products

Get a broad overview of state-of-the-art use of forecasting and uncertainty in the power market
### Interview & Questionnaire Results: Use of Forecasting

<table>
<thead>
<tr>
<th>Trading type</th>
<th>day-ahead market</th>
<th>intra-day market</th>
<th>ancillary services</th>
<th>reserve market</th>
</tr>
</thead>
<tbody>
<tr>
<td>percent [%]</td>
<td>92</td>
<td>63</td>
<td>25</td>
<td>29</td>
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<table>
<thead>
<tr>
<th>Business hours:</th>
<th>24/7</th>
<th>7-- 22</th>
<th>9—5</th>
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<tbody>
<tr>
<td>percent [%]</td>
<td>60 (64)</td>
<td>5</td>
<td>35</td>
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<table>
<thead>
<tr>
<th>Trading Model:</th>
<th>price taker</th>
<th>price maker</th>
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</thead>
<tbody>
<tr>
<td>percent [%]</td>
<td>78 (80)</td>
<td>22 (20)</td>
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</table>

<table>
<thead>
<tr>
<th>Type of forecast</th>
<th>single forecast</th>
<th>multiple forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>percent [%]</td>
<td>36 (37)</td>
<td>68</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Knowledge of Ensemble Forecasting</th>
<th>Knowledge</th>
<th>Use EPS Forecasts</th>
<th>work after OPR rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>percent [%]</td>
<td>71</td>
<td>21</td>
<td>38</td>
</tr>
</tbody>
</table>
Results: Statements about uncertainty in the power market

Question

- Weather is one out of many uncertainty sources
- Insufficient knowledge about tools and approaches
- Fear of that speculative planning may result in a loss
- Lack of staff to undertake the job
- Lack of IT solution(s)
- More information may lead to slower decision making and loss of important time
- Flexibility in real-time staff resources would be desirable, but is not feasible
- Company has access to confidential market information and is not allowed to speculate

[Bar chart showing responses to the questions with percentage of agree and not-agree]
How do we have to interpret these results?

- considerable **lack of knowledge** about tools and applications to deal with uncertainty

- **gap in understanding** existing solutions & relating them to solve “own” problems

- still a **mistrust** towards uncertainty information

- still **wrong perception** of probabilistic/uncertainty forecasts associated with speculation

- **big data: no concern** for overwhelming amounts of information, but **rather lack of understanding**
Developement of Uncertainty Forecasting: awareness and usage

**Year 2011**
DoE study\(^1\) led by ALSTOM
33 system operators in 18 countries

Only 25% of respondents ranked importance of probabilistic forecast as HIGH
→ the lowest percentage of all the forecasting products
→ reason: no experience in dealing with probabilistic information?
→ recommendation: research required!

**Year 2016**
IEA Task 36 Wind Energy Forecasting
WP3.1 with 30+11 participants

Probabilistic/Uncertainty forecasts
70% know something about
25% use it

Users of uncertainty forecasts are:
→ countries with high penetration level > 30%
→ island grids
Why and where should uncertainty forecasts be used?

**Meteorology:**
→ Traditionally in “decision making” to safe human life

**Power Industry:**
→ New: in “decision making” to act more safe and economic
→ Grid management → situational awareness
   → unit commitment
   → balancing
   → reserve allocation
→ Trading & balancing
→ Operation & Monitoring
Why use Uncertainty forecasts?

Susan Joslyn at the University of Washington and her research group have found some stunning results:

Lab experiments showed:

→ Decision making with probabilistic information is always better

→ Type of uncertainty forecast and appropriate communication is crucial

When forecast is off multiple times:
  using deterministic information, people lose trust and stop acting
  using probabilistic information people kept focus and confidence

IEA Task 36 Interviews confirmed:
“when we get confused we let the automatic system take the decisions”

* http://depts.washington.edu/forecast/
What type of methodologies are available for uncertainty forecasts

Statistical Algorithms

- NWP deterministic model
- Statistical learning algorithm
- Marginal/spacial probability distribution

Statistically-based Scenarios

- NWP deterministic model
- Statistical learning algorithm
- Statistical Dependence structure
- Spacio-temporal scenarios

Physically-based Ensemble

- Multiple NWP model parameterizations
- Init/bnd. condition perturbations
- Post-Processing
- Calibration
- Power conversion model
- Physical ensembles inclusive extremes

Attention not every method fits all purposes
Examples of Uncertainty Applications in the Power Sector

Balancing/Trading of wind/solar power

Reserve Forecasting

Situational Awareness

High-Speed shut down warning system
Example: what do we do, when the forecast is off?

Ahhh, 700MW short... is there enough reserve available or should I call for costly reserve?
Example: what do we do, when the forecast is off?

Reduced to 350MW short....
Good that I did not call for the costly reserve ...
but what comes now?
Example: what do we do, when the forecast is off?

Oh no, 500MW off.... This requires a dispatch instruction!
..or should I wait – my shift ends in 15min....hmmm
Example having uncertainty intervals at hand!

In all 3 cases, the operator is aware of a time slot with high uncertainty:

Can verify well in advance:
- is there enough allocated reserve, also for the outliers?
- where the forecast might go at the worst case

Operator:
→ can work with confidence
→ doesn’t lose focus
Why we need uncertainty forecasts to be able to allocate dynamic reserves

- \( R_{\text{pos}} \): dynamic positive reserve
- \( R_{\text{neg}} \): dynamic negative reserve
- \( R_{\text{pos}}/R_{\text{neg}} \): static reserve allocation
- \( \text{spill} \): spill
Definition of Error Conditions for Reserve Allocation

- Without defining the target for the error allowance, forecasts of dynamic reserve will disappoint...

If we want to reduce costs and ensure that there is always enough available reserves

Questions to be asked for the design of reserve forecasts:

- How many failures can be tolerated?
- What is the allowed maximum error?
- Which frequency of reserve under/over-prediction is allowed?
- What is the cost of spilled reserve?
A real example: Definition of uncertainty bands and extreme value probabilities also need to be visible to the operators.

Static reserve allocation generates a lot of spill and still does not cover outliers.

Uncertainty bands are useful to define dynamic allocation $\Rightarrow$ percentiles.

Do not forget the outliers and how to setup warnings for them!!!
What are the pre-requisites when starting to develop dynamic reserve predictions

Use the correct type of ensemble data input
- Physical NWP ensemble: e.g. multi-scheme approach
- deterministic reserves do not provide uncertainty
- it is the weather uncertainty that generates the errors

Clear definition of the forecast objective
- which types of errors are critical
- how to handle outliers
- what type of reserve fits to my objective:
  typical scenarios are: static, security or dynamic/economic

Define the time scales that needs to be forecasted
- required ramping capabilities

Request forecast uncertainty of all weather dependent sources & sinks
- built the uncertainty term on load+wind+solar

Define a “noise term” to handle the non-local imbalances
- imbalances from interconnections (small system <-> large system)
Questions from an operator working with 1 forecast...

What was the weather Situation at the time and would this have caused the error?

Does the actual value lie within the confidence bands of your model?

Any clarification you could offer would be helpful...

Forecast off with 950MW at 22 hours in a grid with 4500MW peak demand
What he would be able to see and know in advance with uncertainty forecasts:

- High uncertainty in the evening with low demand!
- Possible extreme event with large forecast error
High speed shutdown events

Communication is crucial for the interpretation of the probability for a certain event to take place

Warning example:

10% probability of a 50% high-speed shutdown event
5% probability of 90% shutdown
90% probability of a 10% shutdown

The operator needs to be able to interpret the probabilities !!!

Guide lines & experience required
High speed shutdown events

Communication is crucial for the interpretation of the probability for a certain event to take place

Warning example:
Case 1:
• 10% probability of 50% shutdown
• 8% probability of 90% shutdown
• 90% probability of 5% shutdown

Case 2:
• 10% probability of 50% shutdown
• 15% probability of 90% shutdown
• 90% probability of 10% shutdown

Result:
Case 1: peak value = 35% high-speed shut-down
Case 2: peak value = 45% high-speed shut-down
High speed shutdown events
- how to build up a warning system -

Appropriate communication is crucial for the alerts to be correctly interpreted!

Operators need to understand the alerts and be capable of checking themselves !!!!

Impact of a false alarm needs to be evaluated and decided upon in the design

Use of sliding interval from 23-25m/s to ensure warning is issued BEFORE the event
High speed shutdown events  
- how to build up a warning system -  

Communication is crucial for the alerts to be taken serious when required!

Technically, frequency of alert generation should be adjusted to:
- lead time of the alert
- change of severity level since previous alert
- initial week day
- valid week day
- time of day
- severity of the event computed from a ramp-rate perspective
- the actions required
- the need and possibility to call back and/or revert actions

Strategy of alert issuing:
- issue every alert according to a simple scheme
- reduce the amount of alerts to prevent that critical alerts are not accidentally overlooked
How can Uncertainty forecasts create value for the user?

- Automatic filtering of unpredictable weather phenomena
- Limits double punishment and thereby volatility and consequently risk
- Allows the end user to strategically prepare for the increased risk
- Faster interpretation of conditions with a suitable presentation
- Increased forecast confidence by bridging models and measurements
- Flexible decision making with various objective formulae
- Forecast uncertainty without use of historical measurements
IEA Wind Task 36 Workpackage 3 is dedicated to communicate via:
→ Publications
→ Workshops
→ Webinars
→ User guideline

How to
→ make use of uncertainty forecasts
→ which approach is appropriate for given applications
→ how to integrate uncertainty forecasting

Follow us or join us...

http://www.ieawindforecasting.dk/

WP3: End Use and Communication
http://www.ieawindforecasting.dk/topics/workpackage-3/task-3-1
THANK YOU FOR YOUR ATTENTION

Questions?

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IEA Wind Task 36 webpage with contacts:
http://www.ieawindforecasting.dk