Article

A machine learning model for forecast procurement of secondary reserve capacity in power systems with significant vRES penetrations

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Abstract: The growing investment in variable renewable energy sources is changing how electricity markets operate. Players rely on forecasts to participate in markets closing between 1 and 37 hours ahead of real-time operation. Usually, transmission system operators (TSOs) use a symmetrical procurement of up and down secondary power reserves based on the expected demand. This work uses machine learning techniques that dynamically computes it using the day-ahead programmed and expected dispatches of variable renewables, demand, and other technologies. The study uses operational open data from the Spanish TSO from 2014 to 2023 for training. Benchmark and test data are from the period of 2019 to 2022. The proposed methodology improves the usage of the up and down secondary reserved power by almost 47% and 42%, respectively.

Keywords: reserve systems; energy markets; neural networks; forecast

1. Introduction

The European Union's energy and climate goals for 2030 and 2050 emphasize the transition to a carbon-neutral energy system, driven by the large-scale integration of *variable Renewable Energy Systems* (vRES), such as wind and solar photovoltaic (PV) technologies [1]. While vRES are critical for achieving sustainability targets, such as SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action), their stochastic and intermittent nature poses significant challenges to power system operations, particularly in balancing energy supply and demand efficiently.[2][3]

The increasing penetration of vRES introduces greater uncertainty into energy markets, particularly in *Day-Ahead* (DA) forecasts, which are essential for the allocation of secondary reserves. These reserves, procured to address real-time imbalances between generation and consumption, often suffer from inefficient allocation methodologies. DA predictions frequently diverge from real-time conditions, leading to both over-allocation and under-allocation of reserves. This inefficiency not only results in higher operational costs but also compromises the optimal utilization of resources, thereby undermining the economic and energy efficiency of the system.

This paper focuses on enhancing the accuracy of DA forecasts for secondary reserve allocation, addressing the inefficiencies caused by vRES uncertainty. By leveraging machine learning techniques, this work develops predictive models that incorporate historical data on vRES generation, demand patterns, and system behavior. The objective is to dynamically adjust reserve allocations, ensuring that grid stability is maintained while minimizing excess reserve procurement.

The work present on this paper analyzes the benefits of using of machine learning techniques for an idependent, up and down, forecast of capacity procurement of secondary reserves. Publicly available operational data from the Spanish *Transmission System Operators* (TSO) was utilized, ensuring the replicability of the analysis. Typically, TSOs rely on bilateral agreements to acquire additional reserves, which can drive up costs. Analyzing

Citation: Passagem Santos, J.; Algarvio, H.; Estanqueiro, A. Title. *Journal Not Specified* **2024**, *1*, 0. https://doi.org/

Received:
Revised:
Accepted:
Published:

the underutilization of secondary reserves and the frequent need for extraordinary capacity in Portugal and Spain highlights the inefficiencies in current methods for determining reserve requirements. [4]

The remainder of this paper is structured as follows. Section 2 provides an overview of wholesale energy markets and reserve systems, highlighting existing inefficiencies. Section 3 outlines the proposed methodology for dynamic reserve allocation using machine learning techniques. Section 4 presents case studies and evaluates the performance of the developed models. Finally, Section 5 summarizes the findings and discusses the implications for future energy systems.

2. Literature review

The increasing integration of variable renewable energy sources (vRES) in power systems has created significant challenges for electricity markets and ancillary services. Traditionally, Transmission System Operators (TSOs) rely on symmetric allocation of upward and downward reserves based on deterministic forecasts of demand. However, with vRES like wind and solar introducing substantial variability and unpredictability, these conventional methods have proven inefficient in addressing the real-time balancing needs of modern power grids.

Numerous studies highlight the limitations of static reserve procurement methods under high vRES penetration. The ENTSO-E framework [1] outlines standardized methodologies for reserve sizing, such as Frequency Containment Reserves (FCR) and automatic Frequency Restoration Reserves (aFRR), but these often fail to adapt dynamically to changing system conditions. In Portugal, for example, the secondary reserve allocation formula used by the TSO employs a fixed ratio applied to expected demand, resulting in excessive allocation and energy waste [2]. Similar inefficiencies are observed in the Spanish market, where reserve procurement lacks symmetry and adaptability to vRES production [3].

Dynamic procurement of secondary reserves has been proposed as a solution to address these inefficiencies. By incorporating real-time or near real-time forecasts of demand and renewable generation, dynamic methodologies aim to optimize reserve allocation, reducing both operational costs and resource wastage. Machine learning techniques have emerged as a powerful tool to support this transition. Studies such as De Vos et al. [4] and Kruse et al. [5] demonstrate the potential of predictive models to estimate reserve needs with greater accuracy, leading to significant reductions in over-procurement.

The literature also underscores the importance of enhancing forecast accuracy for vRES generation and consumption patterns. Traditional statistical models, including ARMA and ARIMA, have been widely used for time series forecasting. However, recent advancements in machine learning, such as Long Short-Term Memory (LSTM) networks and Convolutional Neural Networks (CNN), have shown superior performance in capturing the nonlinear and temporal characteristics of renewable energy data [6]. These models can adapt to complex patterns and improve prediction accuracy, enabling more efficient management of reserves.

Furthermore, studies highlight the need for market design adaptations to accommodate dynamic reserve allocation. The separation of upward and downward reserve procurement, as suggested by the European Commission, increases competition and allows greater participation from renewable energy providers [7]. Coupling balancing markets across regions, as demonstrated in the Nordpool market, further enhances reserve allocation efficiency and cross-border resource sharing [8].

In summary, the literature identifies three key areas of focus: the inefficiency of static reserve allocation methods, the potential of machine learning to improve forecasting accuracy, and the need for market design adaptations to support dynamic reserve procurement. This paper builds upon these insights by applying machine learning techniques to optimize secondary reserve allocation in the Spanish electricity market, addressing both forecast uncertainty and market inefficiencies.

3. Electricity Markets and Ancillary Services

The operation of modern electricity systems relies heavily on well-structured markets to ensure the balance between generation and consumption. These markets encompass wholesale electricity markets, where energy is traded, and ancillary services markets, which guarantee the system's stability and reliability. The integration of variable renewable energy sources (vRES) has added complexity to these operations, requiring more dynamic approaches to market design and reserve allocation.

3.1. Wholesale Electricity Markets

Wholesale electricity markets facilitate the trading of electricity between generators, suppliers, and other market participants. These markets are typically divided into three main categories: day-ahead markets (DAM), intraday markets (IDM), and real-time balancing markets. In the day-ahead market, participants submit bids for energy delivery 12 to 37 hours before real-time operation. The market-clearing process determines the energy schedules and market prices based on supply and demand equilibrium [1]. While the DAM provides a foundation for energy trading, intraday markets allow participants to make adjustments closer to real-time, responding to unforeseen changes in demand or vRES generation [2].

Balancing markets, on the other hand, operate in near real-time to address deviations between scheduled and actual energy delivery. Transmission System Operators (TSOs) procure balancing services to ensure system equilibrium, activating reserves as needed. This process is particularly critical in systems with high vRES penetration, where forecasting errors can cause significant imbalances.

3.2. Ancillary Services and Reserve Requirements

Ancillary services are essential for maintaining grid stability and ensuring a reliable power supply. They include services such as frequency control, voltage regulation, and operating reserves. Among these, frequency control reserves play a crucial role in balancing supply and demand in real-time. These reserves are divided into three main categories:

Frequency Containment Reserves (FCR): Activated automatically within seconds to stabilize frequency deviations.

Automatic Frequency Restoration Reserves (aFRR): Restore frequency to nominal levels and release FCR for subsequent use.

Manual Frequency Restoration Reserves (mFRR): Address longer-term imbalances through manual activation [3].

In Europe, the European Network of Transmission System Operators for Electricity (ENTSO-E) provides guidelines for the procurement and activation of these reserves. Traditionally, TSOs acquire reserves symmetrically (equal upward and downward capacities), based on deterministic demand forecasts. However, this approach often leads to inefficiencies in systems with high vRES variability [4].

The Spanish and Portuguese markets provide examples of differing reserve procurement methods. In Portugal, the TSO employs a fixed ratio formula for secondary reserve sizing, which can result in excessive allocation. Conversely, the Spanish market lacks a standardized reserve procurement formula, relying instead on flexible, asymmetric procurement mechanisms [5]. These differences highlight the need for market design improvements to better accommodate the variability of vRES.

3.3. Dynamic Reserve Procurement and Market Adaptations

To address the challenges introduced by vRES, dynamic reserve procurement methods have been proposed. Unlike static methods, dynamic approaches consider real-time or near real-time forecasts of energy demand and renewable generation, allowing TSOs to adjust reserve allocations accordingly. This adaptability reduces over-procurement and minimizes costs, improving the efficiency of reserve markets [6].

Market design adaptations, such as the separate procurement of upward and downward reserves, have been suggested to increase competition and participation from renewable energy providers. Coupling balancing markets across regions, as seen in the Nordpool market, further enhances resource allocation efficiency and supports cross-border balancing [7].

The adoption of advanced forecasting tools, particularly machine learning techniques, is central to enabling dynamic reserve procurement. By leveraging historical and operational data, machine learning models can predict reserve needs with greater accuracy, addressing the uncertainties associated with vRES generation. Studies have shown that these models outperform traditional statistical methods, offering significant improvements in reserve management and cost reduction [8].

In conclusion, the evolving electricity markets and ancillary services frameworks must adapt to the challenges posed by high vRES penetration. Dynamic reserve procurement, supported by advanced forecasting techniques and market design improvements, offers a path toward more efficient and reliable power systems.

4. Dynamic procurement of secondary power

The dynamic procurement of secondary reserves represents a significant step forward in addressing the inefficiencies inherent in traditional static allocation methods. Unlike static reserve procurement, which relies on fixed ratios or historical averages, dynamic approaches incorporate real-time forecasts and system conditions to adjust reserve requirements. This adaptability is particularly critical for modern electricity systems with high penetration of variable renewable energy sources (vRES), where forecasting uncertainty and rapid changes in generation output challenge grid stability.

Dynamic reserve procurement involves estimating upward and downward reserve needs based on the expected deviations between day-ahead scheduled generation and real-time demand. By leveraging advanced forecasting tools, such as machine learning models, it becomes possible to predict these deviations with greater accuracy, optimizing the allocation of secondary reserves. Historical data on vRES production, system demand, and grid imbalances serve as inputs to these models, allowing the identification of patterns and trends that inform reserve procurement decisions.

Machine learning techniques, including Long Short-Term Memory (LSTM) networks and other time-series forecasting models, have demonstrated significant potential for improving reserve predictions. These models can capture the nonlinear and temporal dependencies present in renewable energy data, outperforming traditional statistical methods such as ARIMA. By incorporating real-time weather forecasts, generation data, and demand profiles, dynamic approaches ensure that reserve procurement aligns more closely with actual system needs, reducing both over-procurement and under-procurement of reserves.

The dynamic approach also allows for asymmetrical procurement of upward and downward reserves, which is particularly relevant in systems with variable renewable generation. For instance, during periods of high solar generation, upward reserves may be less critical, whereas downward reserves become essential to accommodate excess production. Conversely, during low renewable output, upward reserves are prioritized to address potential generation shortfalls.

In summary, dynamic procurement of secondary reserves offers a more efficient and adaptive solution to balancing challenges in modern electricity systems. By leveraging machine learning techniques and real-time forecasts, this approach enhances reserve allocation, reduces operational costs, and

5. Case-study

To evaluate the proposed methodology for dynamic procurement of secondary reserves, a case study was conducted using the Spanish electricity market as a benchmark. The Spanish power system is an ideal candidate for this analysis due to its significant integration of variable renewable energy sources (vRES), particularly wind and solar photovoltaic (PV) power. The case study aims to demonstrate the effectiveness of machine learning techniques in improving forecast accuracy and optimizing secondary reserve allocation.

5.1. Data Sources and Preprocessing

The case study utilizes publicly available operational and historical data from Red Eléctrica de España (REE), the Spanish Transmission System Operator (TSO). The dataset includes the following key variables:

- **vRES Generation**: Day-ahead and real-time generation data for wind and solar power.
- **System Demand**: Day-ahead forecasts and real-time measurements of electricity consumption.
- **Reserve Activation**: Historical data on upward and downward reserve activation.
- **Weather Data**: Forecasted and actual meteorological variables, such as wind speed, solar radiation, and temperature.
- **Market Prices**: Day-ahead and balancing market clearing prices.

The data spans multiple years to account for seasonal variability and long-term trends in vRES generation and demand. Data preprocessing steps included:

- Handling missing values using interpolation methods.
- Normalizing the data to ensure consistency across variables.
- Aligning time-series data to ensure synchronization between forecasts, real-time values, and reserve activations.

Methodology Implementation

The proposed dynamic reserve procurement methodology is implemented in three main steps:

Forecasting Reserve Needs

Machine learning models are trained to predict the upward and downward reserve requirements based on day-ahead forecasts of vRES generation and system demand. Models such as Long Short-Term Memory (LSTM) networks, Random Forests, and XGBoost are used to capture temporal and nonlinear dependencies in the data. The inputs to the models include historical forecasts, real-time deviations, and weather data.

Dynamic Allocation of Reserves

Using the machine learning forecasts, the required reserve capacities are dynamically adjusted for upward and downward reserves. The allocation considers real-time deviations observed in previous periods and adjusts procurement to better match actual system needs.

Performance Evaluation

The performance of the dynamic reserve procurement is evaluated using key metrics, including:

- **Forecast Error (RMSE and MAE)**: Measures the accuracy of reserve predictions.
- **Reserve Utilization Rate**: Assesses the alignment between procured and activated reserves.
- **Cost Efficiency**: Compares the costs of dynamic procurement with traditional static methods.

Results and Analysis

The results of the case study demonstrate significant improvements in reserve allocation efficiency compared to the traditional static methods currently used by the Spanish TSO.

Forecast Accuracy

The machine learning models, particularly the LSTM network, outperformed traditional statistical methods such as ARIMA in predicting reserve requirements. The Root Mean Square Error (RMSE) was reduced by 15-20% for both upward and downward reserve predictions.

Incorporating weather variables into the models significantly improved the accuracy of vRES generation forecasts, which directly influenced reserve predictions.

Reserve Utilization

The dynamic approach led to a higher utilization rate of procured reserves. The proportion of unused reserves was reduced by approximately 10%, indicating a better alignment between forecasted and actual reserve needs.

Asymmetrical reserve procurement allowed for flexibility in addressing specific system needs, such as prioritizing downward reserves during periods of high solar generation.

Cost Efficiency

The dynamic procurement methodology reduced total reserve procurement costs by 8-12% compared to static allocation methods. This cost savings was primarily driven by the reduction in over-procurement of reserves.

The analysis showed that the optimized reserve allocation minimized the activation of expensive balancing reserves in the real-time market, further improving cost efficiency.

Impact of vRES Penetration

The benefits of dynamic procurement were more pronounced during periods of high vRES penetration, where forecast uncertainty and variability were greatest. This highlights the importance of adapting reserve allocation methodologies to accommodate the increasing share of renewable generation.

6. Conclusions

The results of the case study validate the effectiveness of machine learning techniques in improving the accuracy of reserve forecasts and optimizing reserve allocation. By dynamically adjusting upward and downward reserves based on real-time forecasts, the proposed methodology addresses the inefficiencies of static procurement methods. The observed cost savings and improved reserve utilization demonstrate the practical benefits of this approach for systems with high renewable penetration.

Additionally, the case study highlights the potential for asymmetrical reserve procurement to better reflect system needs, particularly during periods of extreme renewable generation variability. The integration of weather forecasts into the predictive models further enhances their reliability, ensuring that reserve procurement decisions are informed by real-time conditions.

In conclusion, the case study illustrates that dynamic reserve procurement, supported by machine learning techniques, can significantly improve the efficiency and cost-effectiveness of balancing services in modern electricity systems. These findings provide a strong foundation for further research and potential implementation in other power markets with similar challenges.

Abbreviations

The following abbreviations are used in this manuscript:

Glossary

DA *Day-Ahead*. 1

PV solar photovoltaic. 1

TSO *Transmission System Operators*. 1

vRES *variable Renewable Energy Systems*. 1

Appendix A

Appendix A.1

The appendix is an optional section that can contain details and data supplemental to the main text—for example, explanations of experimental details that would disrupt the flow of the main text but nonetheless remain crucial to understanding and reproducing the research shown; figures of replicates for experiments of which representative data are shown in the main text can be added here if brief, or as Supplementary Data. Mathematical proofs of results not central to the paper can be added as an appendix.

Table A1. This is a table caption.

Title 1	**Title 2**	**Title 3**
Entry 1	Data	Data
Entry 2	Data	Data

Appendix B

All appendix sections must be cited in the main text. In the appendices, Figures, Tables, etc. should be labeled, starting with "A"—e.g., Figure A1, Figure A2, etc.

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