

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 Sustainable Development Goals (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 independent, 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

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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 vRES in power systems has created significant challenges for electricity markets and ancillary services. Traditionally, TSO 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 European Network of Transmission System Operators for Electricity (ENTSO-E) framework [5] outlines standardized methodologies for reserve sizing, which are Frequency Containment Reserve (FCR), automatic Frequency Restoration Reserve (aFRR) and manual Frequency Restoration Reserve (mFRR), 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. Similar inefficiencies are observed in the Spanish market, where reserve procurement lacks symmetry and adaptability to vRES production.

Dynamic procurement of secondary reserves has been proposed as a solution to address these inefficiencies [6], with an improvement in 13% and 8% for up and down secondary capacities. 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 [7] and [8] 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 network (CNN), have shown superior performance in capturing the nonlinear and temporal characteristics of renewable energy data [9]. These models can adapt to complex patterns and improve prediction accuracy, enabling more efficient management of reserves.

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 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 DAM, 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 [10]. While the DAM provides a foundation for energy trading, IDM allow participants to make adjustments closer to real-time, responding to unforeseen changes in demand or vRES generation.

Balancing markets, on the other hand, operate in near real-time to address deviations between scheduled and actual energy delivery. 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.[11] [12]

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:

- FCR: Activated automatically within seconds to stabilize frequency deviations.
- aFRR: Restore frequency to nominal levels and release FCR for subsequent use.
- mFRR: Address longer-term imbalances through manual activation.

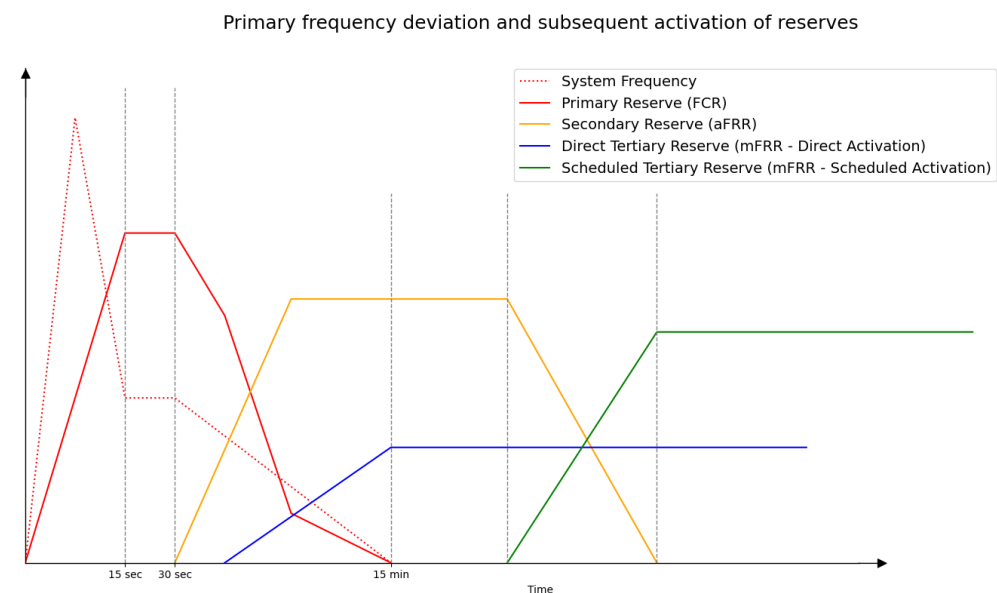


Figure 1. Ancillary Services response scheme. Adapted from [5]

3.3. Iberian Reserve Markets

Mercado Ibérico de Eletricidade (MIBEL) is the iberian example of energy market integration across countries. Acting as a bond between portuguese and spanish electricity markets, *Operador do Mercado Ibérico de Energia Português*, *Sociedade Gestora do Mercado Regulamentado*, S.A. (OMIP) and *Operador del Mercado Ibérico de Energía - Pólo Español*, S.A (OMIE). This joint market consists of bilateral, derivatives, and spot markets.

Even though there is a joint market, each country's TSO, Red Eléctrica de España (REE) for Spain and *Redes Energéticas Nacionais* (REN) for Portugal, manages its own ancillary services independently.

3.3.1. Static Reserve Procurement

In Europe, the 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.

For Secondary Reserve ENTSO-E proposes:

$$R = \sqrt{a \times L_{max} + b^2} - b \quad (1)$$

where:

- R : Secondary Control Reserve.
- a e b : empiric coefficients, $a=10\text{MW}$ and $b=150\text{MW}$.
- L_{max} : maximum anticipated consumer load.

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. Creating a symmetrical distribution for Upward and Downward bands, respectively $\frac{2}{3}$ and $\frac{1}{3}$ of the Reserve band.

The given formula is based on ENTSO-E equation (1), adding an hourly ratio ρ :

$$R = \rho \times \sqrt{a \times L_{max} + b^2} - b \quad (2)$$

Conversely, the Spanish market lacks a standardized reserve procurement formula, relying instead on flexible procurement mechanisms [13]. Where the upward and downward bands distribution is not directly symmetric. These differences highlight the need for market design improvements to better accommodate the variability of vRES.

4. Dynamic procurement of secondary power

This study proposes a dynamic procurement based on machine learning techniques trained with historical hourly data. With custom made model architectures

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 REE, the Spanish TSO. The dataset includes the following key variables:

- **vRES Generation:** DA and real-time generation data for wind and solar power.
- **System Demand:** DA forecasts and real-time measurements of electricity consumption.
- **Reserve Activation:** Historical data on upward and downward reserve activation.
- **Market Prices:** DA and balancing market clearing prices.

Table 1. This is a table caption. Tables should be placed in the main text near to the first time they are cited.

ESIOS Code	ESIOS Name	Variable	Units
632	Secondary Reserve Allocation AUpward	Up Allocated	MW
633	Secondary Reserve Allocation ADownward	Down Allocated	MW
680	Upward Used Secondary Reserve Energy	Up Used	MWh
681	Downward Used Secondary Reserve Energy	Down Used	MWh
1777	Wind D+1 Daily Forecast	DA Wind	MWh
1779	Photovoltaic D+1 Daily Forecast	DA PV	MWh
1775	Demand D+1 Daily Forecast	DA Demand	MWh
10258	Total Base Daily Operating Schedule PBF Generation	DA Schedule Generation	MWh
14	Base Daily Operating Schedule PBF Solar PV	DA Schedule PV Generation	MWh
10073	Base Daily Operating Schedule PBF Wind	DA Schedule Wind Generation	MWh
10186	Base Daily Operating Shedule PBF Total Balance Interconnections	DA Scheduled Tie Lines	MWh

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, with [IterativeImputer](#) [21][22].
- Aligning time-series data to ensure synchronization between forecasts, real-time values, and reserve activations.

For training the full dataset from 2014 to 2023, inclusive was used. As for validation it was chosen the years 2019-2022, in direct comparison with validation from [23]

5.1.1. Training Data

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Table 2. This is a table caption. Tables should be placed in the main text near to the first time they are cited.

	mean	std	min	max
Down Used	168.20	199.67	0.00	1721.40
Up Allocated	662.94	150.62	399.00	958.00
Down Allocated	549.27	126.67	312.00	956.00
Up Used	158.10	191.62	0.00	1654.80
DA Wind	5824.12	3413.15	71.33	20879.30
DA PV	1666.31	2719.60	0.00	14925.30
DA Demand	27944.24	4479.39	14170.00	41773.00
DA Schedule Generation	27249.43	4603.58	13470.50	42707.60
DA Schedule PV Generation	1714.09	2815.35	0.00	16358.90
DA Schedule Wind Generation	6525.51	3582.36	308.60	21619.60
DA Scheduled Tie Lines	290.58	2157.11	-7817.00	6858.50

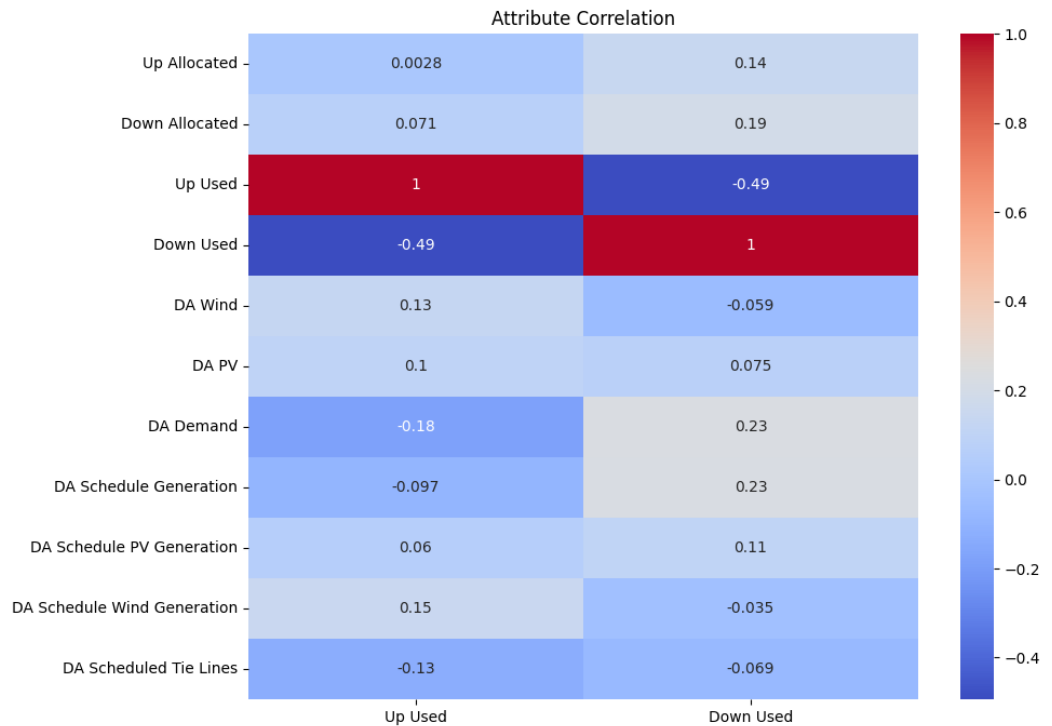


Figure 2. Attribute correlation

5.1.2. Validation Data

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Table 3. This is a table caption. Tables should be placed in the main text near to the first time they are cited.

	RMSE	SAE	AllocF	AllocD
Up Allocation (MW)	536.55	17357826.75	152679.00	17205147.75
Down Allocation (MW)	408.99	12981575.55	479191.60	12502383.95

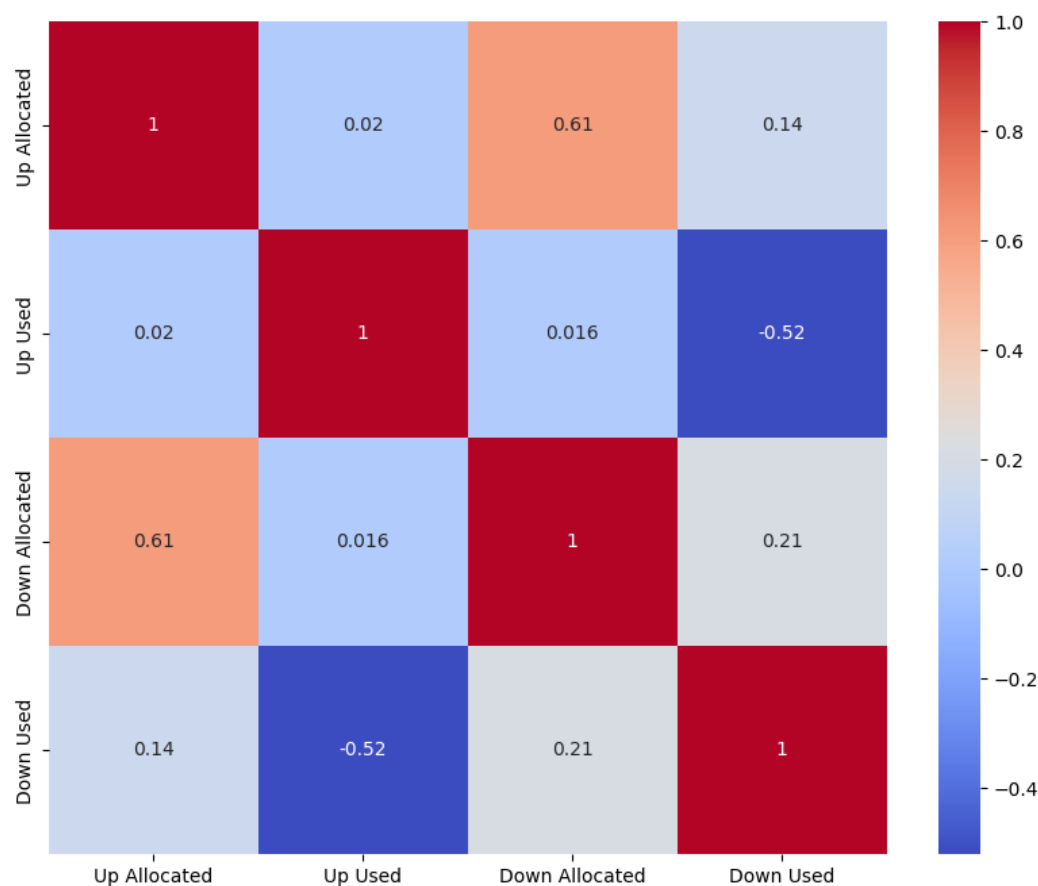


Figure 3. Attribute correlation benchmark

5.2. Methodology Implementation

5.3. Results

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

aFRR	automatic Frequency Restoration Reserve. 2, 3, 6
CNN	Convolutional neural network. 2, 7, 8
DA	Day-Ahead. 1, 10
DAM	day-ahead markets. 3
ENTSO-E	European Network of Transmission System Operators for Electricity. 2, 4, 6
FCNN	Fully Connected Neural Network. 7, 8
FCR	Frequency Containment Reserve. 2, 3
IDM	intraday markets. 3
LSTM	Long Short-Term Memory. 2, 5, 7, 9
mFRR	manual Frequency Restoration Reserve. 2, 3
MIBEL	<i>Mercado Ibérico de Eletricidade</i> . 3
OMIE	<i>Operador del Mercado Ibérico de Energía - Pólo Español, S.A.</i> 4
OMIP	<i>Operador do Mercado Ibérico de Energia Português, Sociedade Gestora do Mercado Regulamentado, S.A..</i> 3
PV	solar photovoltaic. 1
REE	Red Eléctrica de España. 4, 10
REN	<i>Redes Energéticas Nacionais</i> . 4, 6
RNN	Recurrent neural network. 9
SDG	Sustainable Development Goals. 1
TSO	Transmission System Operators. 1–4, 6, 10
vRES	variable Renewable Energy Systems. 1–5

Appendix A

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Appendix A.1

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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.

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Table A1. This is a table caption.

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

Appendix B

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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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