**A Time Series Analysis: ERCOT Power Load Forecasting**

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# Problem Statement

Load forecasting is an important aspect of any power grid. Due to the lack of large-scale storage options, system operators must forecast the daily load (demand) ahead of time and ensure adequate power generation is secured. Load forecasts are used to determine which power-generating resources will need to be turned on, which will need to be on standby in case of increased demand and overall affect the economics of the power grid. The time-series data in this study shows historical load profiles over time and our goal will be to determine if there are any models that can explain the load profile historically (and perhaps be useful in predicting the near-term future load profiles).

# Data Description

The data shows hourly historical (actual) load. This is displayed by region in Texas, as well as the overall number. The study will take data from 2017-2020 to have 4 complete years to analyze.

# Data Exploration

**Figure 1**

*Name*

# Data Wrangling

## Pre-processing

## Missing values

**Figure 2**

*Name*

# Model Strategies

To begin with, P/ACF of the raw series and subsequent transformed series were evaluated. As can be seen in Figure XXXX; the raw data shows high cyclicality and the series is certainly not stationary. This is to be expected, power demand has daily cycles (power demand being higher at certain hours of the day than others) and seasonal cycles (Winter has higher power demand than warmer months due to air-conditioning usage).

In order to overcome this, the first and second-order differenced data was observed, however the P/ACF plots still showed cyclicality. In particular, there was a continuous correlation of lag 24 (and multiples of it). Once again, this made sense in the context of the data, as the demand at any given time would be highly correlated to the demand 24, 48, 72 etc. hours before it.

As such, the data was differenced on it’s lag 24 (seasonal difference), which finally showed a P/ACF plot that could be modelled. Based on the plot shown, an ARIMA(24, 24, 0) model appeared to be most appropriate as the ACF tailed off and the PACF cut off for this final plot.

**Figure 3**

*P/ACF Plots of ERCOT Time Series*

Chart

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Chart, box and whisker chart

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# Results and Final Model Selection

Based on information gathered in the P/ACF exercise, the ARIMA (24, 24, 0) model was fit and the results can be seen in Figure XXXXX. Overall, this model fit quite well with a low MAPE (0.07) and low AIC (-216,565.9).

What this shows is not only was the ARIMA model a good fit, it suggests that power demand is highly predictable according to the time of day. In the broader context of this assignment, this shows that forecasting power load is achievable.

**Figure 4**

*ARIMA (24, 24, 0) Model Summary and Forecast*

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**Figure 5**

*Name*

**Figure 6**

*Name*

# 

# Conclusion

## Findings

## Suggestions

In terms of next steps, having a model that can fit and predict power demand is useful for power grid planning and commercial exercises.

For planning purposes, Independent System Operators can use the load forecast to determine their power generation needs, which need to be confirmed in advance of actual power usage.

For commercial enterprises, particularly trading firms, having an accurate load forecast is one component of predicting power prices which could then be traded against. Load forecasts represent the demand side of power usage; which could then be extended to predict which generation units would need to be turned on to meet this demand. These two forces create the market price of electricity every hour of the day, and could be speculated against.

# References

# Appendix A

Following is the R Markdown file for this project.