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| **M4S-06: Software engineering for real-time electricity market bidding**  **Sameer Baruwal** |
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# Abstract

This study’s main goal is to find the time and memory bottlenecks in the ASSUME framework and find a proper solution for it.

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# Introduction

This research delves into the ASSUME framework to simulate an energy market with 10 000 residential agents. The framework is an easy-to-use market simulation toolbox with integrated reinforcement learning methods, though these methods are not used.The framework was chosen so that we did not need to develop a market from scratch, which can be quite complex. The main goal of this project is to simulate 10 000 residential agents on the Belgian electricity market in 5 minutes. To do this, we need to optimize the ASSUME framework efficiently and decrease its simulation time. Therefore, we need to find the key performance bottlenecks by means of profiling. The research questions are:

* How can we optimize the ASSUME framework efficiently to simulate 10 000 agents?
* What are the key performance bottlenecks?

This research displays a futuristic scenario where residential consumers, instead of buying electricity from a company like Engie, can buy it directly from the market. This can be done using a sort of aggregator… **which is?** Like an AI machine that buys electricity at a low cost. This is also the purpose of this research to simulate what it is like when residents buy electricity directly from the market. This helps us understand the scenario before a real-life implementation can be realized. It links with modelling for sustainability… **why is it sustainable?**

The next section will discuss the literature relevant to this research project. It will discuss the working mechanism of the electricity market, how the ASSUME framework models that market and finally what optimization is and how it is (not) implemented into the framework. The section that follows discusses the ways I set up the project. This includes how I initially set up a simulation environment that models the Belgian market, how I analyzed the bottlenecks with various profiling techniques and the optimization methods that were considered to overcome the bottlenecks. The results section will be quite graphical section where the results of the simulation, profiling, optimization and a comparison between the before and after will be discussed. Finally, we conclude this paper by summarizing the project, answering the research question, discussing the limitations and potential improvements and acknowledging the people that have helped us get to this point.

# Literature Review

The electricity market is very different from the publicly known markets such as the stock market. The main difference lies in the nature of the commodity being traded and how it is used. The electricity market trades electricity, which is an instantaneous and non-storable commodity while the stock market trades ownership of companies.

The main electricity market in Belgium is the Epexspot. The members of the market submit orders for buying and/or selling power, which are registered in an orderbook. These order reflect the demand and supply of the market at a specific moment in time. Based on the orderbook, a market price is calculated which will be explained in a later paragraph. Once the trade is complete, the transaction is cleared and settled. Clearing ensures the proper fulfillment of each contract registered on the market. The clearing entity, which in the case of the Epexspot is the ECC, steps in and becomes the contractual partner for both the buyer and the seller to ensure the fulfillment of each trade and to mitigate counterparty risk. By matching supply and demand, the market ensures transparent and reliable prices and the market operators such as the ECC (via TSO) make sure the electricity is delivered and paid.

The Epexspot operates in two market, Day-Ahead and Intraday, that fulfill their own indispensable purpose. The day ahead market operates through a blind auction that takes place once a day, all year around where all the hours of the following day are traded. The orders are logged in by the members before the orderbook closes. The market established a demand curve based on the buy-orders and a supply curve based on the sell order, both for each hour of the following day. The market clearing price (MCP), which reflects the demand and supply, lies at the intersection of both curves. **Maybe a graph of the MCP?** The MCP, that is determined for each delivery period, applies to all buyers and sellers. All buyers who submitted volumes at a price higher than the MCP are executed for these volumes and pay the MCP, and all sellers who submitted volumes priced lower than the MCP are executed for these volumes and receive the MCP.

The Intraday market offers the possibility to trade even more in the On the Intraday continuous market, participants trade 24 hours a day, with delivery on the same day. As soon as a buy- and sell-order match, the trade is executed. Electricity can be traded up to 5 minutes before delivery and through hourly, half-hourly or quarter-hourly contracts. As this allows for a high level of flexibility, members use the Intraday market to make last minute adjustments and to balance their positions closer to real time.

The price formation process on the Epexspot Day-Ahead market follows the merit order principle. This principle guarantees the lowest possible prices to satisfy demand on the power market, as the generation with the lowest costs (or the willingness to sell at the lowest price) is dispatched first. The most expensive unit that has to be activated to meet the demand sets the price, the market clearing price. The least expensive units usually renewables like wind and solar while the most expensive are gas and coal plants.

# Methodology

# Results

# Conclusion

# Acknowledgements

# References

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Total load by all grid users: <https://opendata.elia.be/explore/dataset/ods001/table/>

(for the "agent 0")

Day ahead forecast of all generation per type: https://opendata.elia.be/explore/dataset/ods034/information/

Actual generation per type: https://opendata.elia.be/explore/dataset/ods033/information/

Smart meter profiles: <https://opendata.fluvius.be/explore/dataset/1_50-verbruiksprofielen-dm-elek-kwartierwaarden-voor-een-volledig-jaar/information/>

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<https://docs.python.org/3/library/tracemalloc.html>