Energy Demand Forecasting – Milestone Report

1. Problem Statement

Why useful Questions? For Whom?

<u>Statement: Forecasting Total Weekly Energy Demand for Spain using weather features</u>

The more accurate this prediction is, the better it is for humanity. The stakeholders that will directly benefit from the solution to the above statement are as follows:

- 1. Energy companies
- 2. Ministry of energy.

But, it will be indirectly beneficial to the rest of the world. How you ask?

- i) If energy companies can accurately forecast energy consumption in the future, they will know exactly how much they need to produce.
- ii) If they produce too much, the grid can be oversupplied and fail. This is wasted energy, incurred repair costs, incurred energy which is passed on to you and me. It would be an emergency.
- iii) If they produce too little, there will be major power cuts. They would have to rush and pay tons of overtime costs to get power up.
- iv) If energy companies can forecast energy demand sufficiently, the distribution of energy between fossil fuels and renewable energy sources can be optimized and we will have a much greener planet.

A good forecast of total weekly energy demand will ease the above problems and that is the main aim of this project.

2. Dataset description

i) Where did the data come from?

This dataset was located on Kaggle. https://www.kaggle.com/nicholasjhana/energy-consumption-generation-prices-and-weather. The dataset has 4 years of hourly energy demand, generation by source, energy price and weather data. The energy dataset is representative of all of Spain. The weather dataset represents the 5 most populated Spanish cities. The energy data was collected from ENTSOE a public portal for Transmission Service Operator (TSO) data. Weather data was purchased by the creator of the dataset and made public on Kaggle by himself.

ii) How was the energy dataset wrangled?

The following features were found in the energy dataset under a datetime index:

- i) Energy generation data from 21 different sources.
- ii) Forecasted energy generation from solar and wind energy
- iii) Total Load data ('total load actual')
- iv) Forecasted Load data ('total load forecast')
- v) Forecasted and actual energy price

The following features were needed from this dataset:

- Total Load data ('total load actual')
- Forecasted Load data('total load forecast')

Our model will be aimed at predicting energy demand 1 week in advance so therefore energy price and generation will not be of use in our analysis. But prior to removing the other features, the generation data was examined and findings will be reported in the EDA section.

Missing Data:

The 'total load actual' columns seems to have 36 hours of missing data. Some of these hours are consecutive hours which if deleted can wipe out half a day worth of data. The dataset has 4 years of data and hence only 4 datapoints for each hour. It would not be suitable to delete this data. Load data is dependant on the following:

- i) The hour of day
- ii) The day of the week
- iii) The month of the year

A good value to account for the above 3 above points would be to replace missing values with the average of 6 values that represent:

- i) 3 weeks of future values and 3 weeks of past values
- ii) Same day of week (eg if the outlier is a Monday
- iii) On the same hour of day

Example: If the missing value is at 3pm on Monday 15th January 2015. The value would be replaced by the average of 3pm for the last 3 Monday's and the following 3 Monday's.

iii) How was the weather dataset wrangled?

The following features were found in the dataset under a datetime index:

- i) Maximum, minimum and average hourly temperatures in degrees Kelvin.
- ii) Pressure (hPa)
- iii) Humidity(%)
- iv) Wind speed(m/s)
- v) Wind Direction (degrees)
- vi) Rain amount for the prior 1 hour and 3 hours(mm)
- vii) Snow amount for the prior 3 hours
- viii) Clouds covering the sky (%)
- ix) Weather description for the hour (Codes)

Based on our first EDA, the following features are needed from this dataset:

- Maximum, minimum and average hourly temperature converted to degrees Celsius as it is more relatable to everyday use. T(C) = T(K) 273.16
- Pressure (hPa)
- Humidity(%)
- Wind Speed(m/s)

Outliers:

i. Pressure

The Pressure column has abnormally high maximum values which seem impossible. This is a data error.

- 1000 hPa is standard atmospheric pressure in the air.
- There were observed values 10,000 hPa and 1,000,000hPa.

As a reference, 10,000 hPA is equivalent to a Sedan car being supported on the palm of a human hand. Imagine 1,000,000 HectoPascal.

- The highest and lowest pressure recorded on earth is 1084hPa and 870hPa respectively.

Values above 1080 and below 870 shall be replaced with the mean of that exact date where values are less than 1080 hPa.

ii. Wind Speed

The wins seed column has an abnormally maximum value which is impossible.

- Fastest wind speed ever recorded on earth is 103 m/s and a category 5 hurricane is 70m/s.

Any wind speed above 70m/s will be replaces with the mean of the day of year over 4 years.

3. EDA

This section was structured by asking a series of questions and answering them with visuals. This section aims on answering questions related to demand and weather features only.

3.1. Energy Demand

1. How did annual energy demand Change between 2015 and 2018?

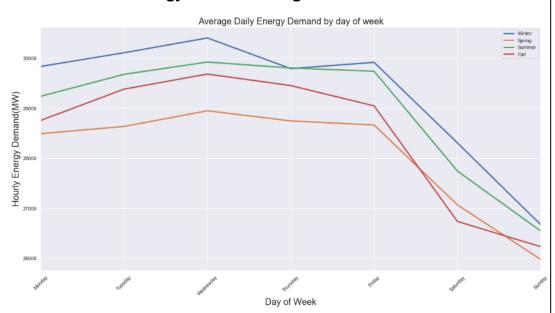
It was observed that energy demand is steadily increasing at a decreasing rate between the periods of 2015 & 2018. The rate of increase has decreased from 1.1% in 2015 to 0.7% in 2018.

2. How does energy demand vary by month?



We see a similar pattern for every year with a cycle of 2 highs and 2 lows. Highs seem to occur during January(Winter peak) and June/July (Summer peak) with lows during April and October(Spring and Fall).

3. How does energy demand change across the week?¶

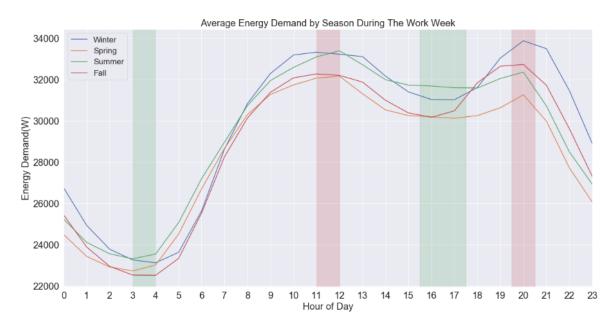


We see a similar pattern during the 4 seasons.

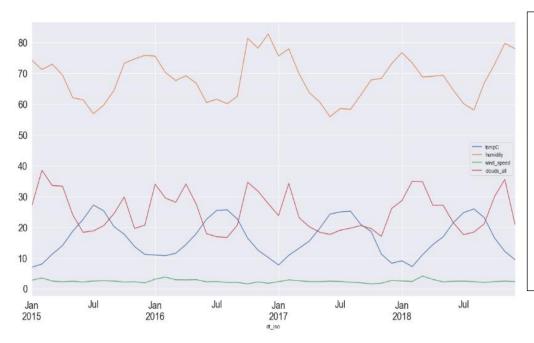
Energy demand peaks Wednesdays, decreasing all the way to Sunday with a significant decrease on Saturday (Weekend). Then a sudden increase on Monday(start of work week).

We do see a sharp decrease during winter on Thursdays and increasing to Friday but it unknown why this occurs.

4. How does intraday hourly demand change?

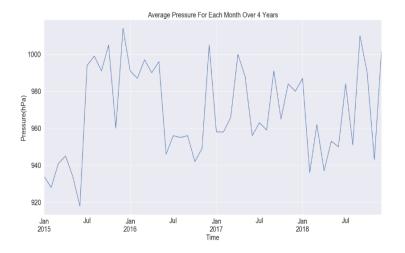


3.2. Weather Features1. How do weather features change across the months?

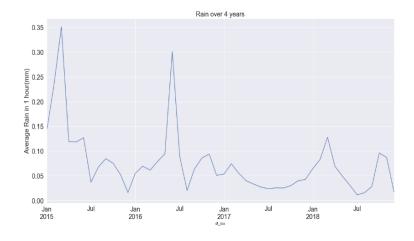


This plot shows how aggregated monthly weather features are moving throughout 2015-2018. Rain, wind speed and pressure cannot be analyzed due to their values having different orders of magnitude.

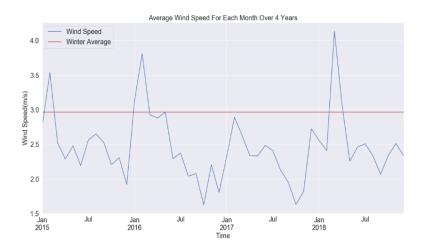
We can see a clear inverse relationship between temperature and humidity as well as temperature and cloud formation.



There is no strong pattern for pressure across the year.

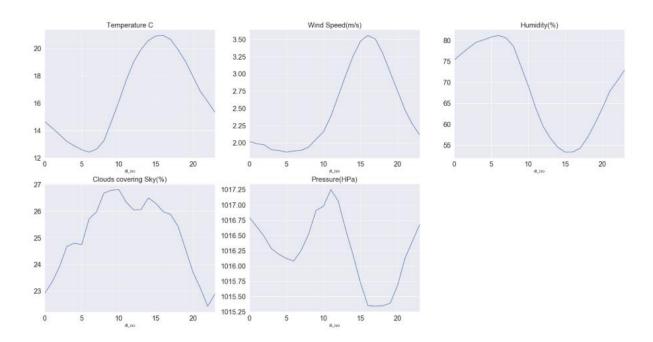


We see a downward sloping trend line for rain across the years. Rain usually peaks in winter but in 2016, there seemed to be a peak in rain during spring which was quite interesting.



We see a consistently repeating wind speed peak in winter. The red line is the winter average wind speed. We have a had a higher than average peaks for all years except for 2017.

2. How do weather features change across the day?



The above graph summarizes how weather features change throughout the day.

<u>Temperature:</u> Increases in the morning (With the sunrise), peaks at around 3 pm, then decreasing while the sunsets through the night reaching a low at around 5am.

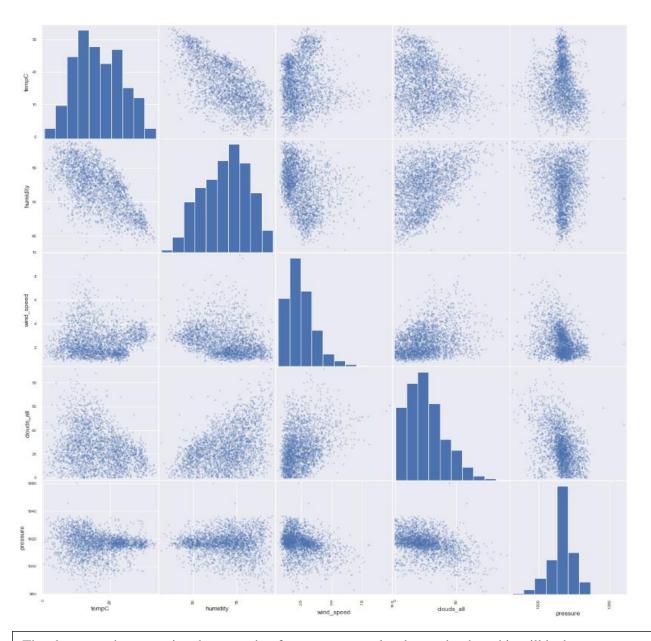
Wind Speed: Pattern is like temperature.

<u>Humidity:</u> Opposes temperature and wind speed.

<u>Cloud Formation:</u> High at 10am, plateauing until 3 pm, decreasing until 9pm then gradually increasing until 10am.

Pressure: 1st High at 11am, 1st low at 5pm, 2nd high at 12am, 2nd low at 6am.

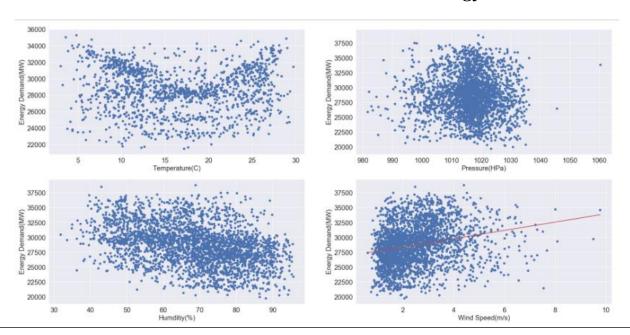
3. How do weather features correlate to each other?



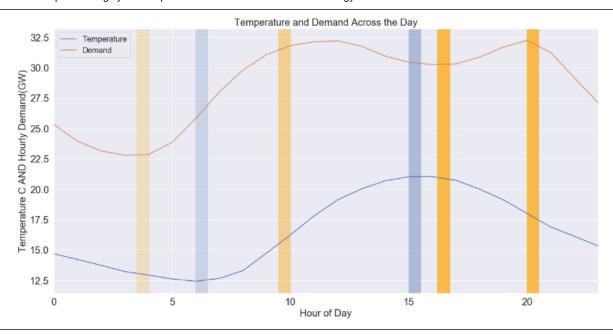
The above graph summarizes how weather features are correlated to each other, this will be better visualized using a heatmap later on. The following is observed:

- 1. Negative relationship between Temperature and Humidity.
- 2. Negative relationship between Temperature and Cloud formation
- 3. Positive relationship between Humidity and Cloud formation
- 4. Negative relationship between Wind Speed and Humidity
- 5. Positive relationship between Wind Speed and Cloud formation
- 6. Negative relationship between Pressure and Cloud formation.
- 7. Negative relationship between Pressure and Wind Speed.

3.3. Weather Features in relation to Energy Demand

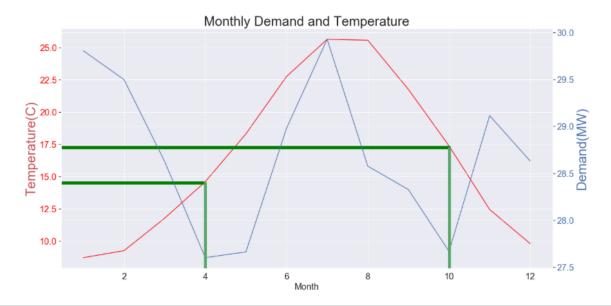


- 1. Temperature: A parabolic relationship is evident with demand. Demand peaks at around 5C and 30C temperatures but the lows occurs at around 15-20C with almost no change in demand.
- 2. Pressure: Demand &pressure do not seem to be correlated.
- 3. Humidity: Demand & Humidity are parabolically correlated which is expected as Temperature & Humidity are negatively related.
- 4. Wind Speed: A highly variant positive correlation is evident with energy demand.



- Temperature hits a low at 6am -- Demand hits a low at 4am.
- Temperature hits a high at 3pm -- Demand hits a high at 10am.
- Temperature decreasing until 6am -- Demand hits a low at 4:30pm.
- Temperature decreasing until 6am -- Demand hits a high at 8pm.

This analysis suggests that intraday demand movements are not fully predicted by temperature changes. Let's rewind and have a deeper look at monthly demand vs average monthly temperature...



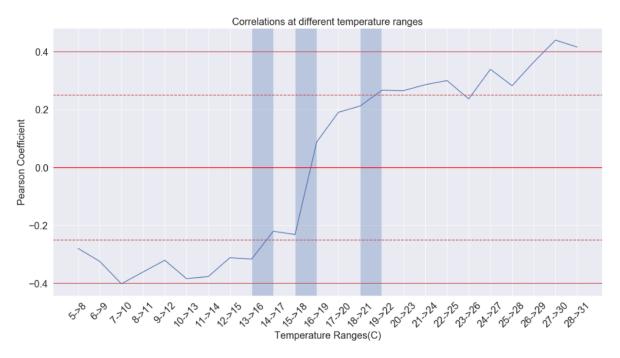
This is just a confirmation of the hypothesis that temperature and demand are related on a larger time scale.

During April, we move from winter to summer, the average monthly temperature at which a demand low is reach is at around 14.5 C As we move from summer to winter, the average monthly temperature at which a demand low is reach is at around 17.5 C.

4. EDA (Statistical)

1. Correlations between Temperature and Demand

A detailed analysis of the correlation between temperature and demand was conducted as a follow up from the previous section. This was done using the Pearson r coefficient and examining how it changed for 3 degrees Celsius temperature changes a shown below.



As can be seen the relationship is not as strong as is expected with maximum magnitudes at 0.4. But the following can be observed:

- Correlation increases above -0.25 from the lows(-0.4) between 13-17C.
- Correlation crosses 0 occurs between 15-19C which means the bottom of demand occurs at this temperature.
- Correlation increase above 0.25 at between 18->22C.
- Correlation is flat at temperatures below 15C at -0.4 and at temperatures above 26C.

Given a larger dataset, the correlation magnitudes are expected to be much stronger than 0.4.

2. Examining the means and standard deviations of the different seasons

An important test to conduct that will help in modelling is whether the high and low seasons can be define by the same mean distribution and standard deviation distribution. If this is the case then when it is time to model, we can define a seasonal cycle as 26 weeks which will ease prediction. We started with the mean distribution of winter and summer.

Given that summer and winter are the high demand seasons of the year due to heating and cooling, do they have the same mean distribution? Our null hypothesis is the following:

"Winter and Summer have the same mean distribution of hourly demand"

The following steps were conducted for this test:

- 1- Combining the winter and summer demand datasets into one big dataset.
- 2- Computing the combined mean
- 3- Shifting the mean of the individual winter and summer dataset to have the same value as the combined mean. This was done by transforming the winter and summer dataset using the following equation:

Transformed Indivudal Season Dataset (Array) =

Observed Individual Season Demand (Array)

- Observed Individual Season Demand Mean(Integer)

+ Combined Mean(Integer)

- 4- Bootstrap 10,000 mean replicates for each transformed season by bootstrapping samples.
- 5- Find the difference of the 10,000 bootstrapped mean replicate datasets.
- 6- Find the observed difference of the actual means.
- 7- Test the observed differences against the observed difference by counting the number of bootstrapped replicates that are equal to or greater than the observed difference.
- 8- Divide the count by the length of the array to obtain the p-value.
- 9- For a 95% confidence interval, if the p-value is less than 0.05, we shall reject the null hypothesis.

The p-value was observed to be less than 0, meaning that winter and summer do not have the same mean distribution.

This same test was conducted for Spring and Fall, also achieving a p-value less than 0.05.

Hence we can conclude that that a seasonal cycle is in fact 52 weeks.

For the sake of curiosity, a similar test was done by comparing the standard deviations of the different seasons. The transformation was done using the following equation:

Transformed Indivudal Season Dataset (Array) =

Combined Standard Deviation(Integer)

Observed Individual Standard deviation(Integer)

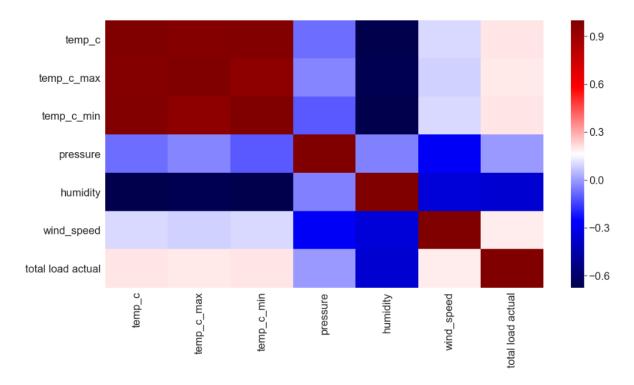
 \times (Observed Season Dataset(Array) – Observed Season Mean(Integer))

+ Observed Individual Season Mean

In conclusion the standard deviation and mean distribution of all seasons are different.

3. Examining the correlations of demand and weather features

Examination was best visualized using a correlation matrix transformed into a heatmap from Seaborn. The strongest correlation observed are between temperature and humidity, which is a negative correlation.



Demand and temperature are not linearly correlated but there exists a parabolic relationship as seen in the previous section. Demand looks slightly negatively correlated with humidity and completely uncorrelated with pressure.

5- Modelling

https://github.com/y-fawzy/energy-demand-forecast/blob/master/notebooks/4-modelling.ipynb

The data is almost ready for use in machine learning models. Before running any models, the following steps must be considered:

- Feature engineering can be used to intuitively add features that may be beneficial as the dataset has 4 features which will not be enough for a model this dynamic.
- Cross validate models where possible.
- Compare the best model of each model
- Dividing the training and testing set.

•

The dataset contains observation from 2015 to 2018.

- 2015 to 2017 was used as the training set
- 2018 was used as the testing set.

RMSE will be used to compare the different models as this can tell us by how many Mega Watts our prediction is off by. To get a perspective of how this compares to the total, the metric: RMSE/Mean of Demand, will be used as a reference as well.

A) Feature Engineering

Set 1 features are weather related and have not been transformed from the dataset.

Set 1: Current Features (All aggregated weekly)

- 1. Maximum temperature
- 2. Minimum temperature
- 3. Mean temperature
- 4. Mean pressure
- 5. Mean humidity
- 6. Maximum windspeed

Feature sets that were added include the following:

- **Set 2** = Percentage Changes from Week to Week of all the weather features in set 1. Qty = 6
- **Set 3** = Datetime features. (Week of year, Month of year and Quarter of year). Qty = 3
- Set 4 = Difference of demand between current week and n-weeks ago. (1 & 2 weeks used). Qty =2
- Set 5 = Difference of max, min and mean temperatures between current week and 1 week ago. Qty=3

Total features= 6 (Original) + 14 (Engineered)

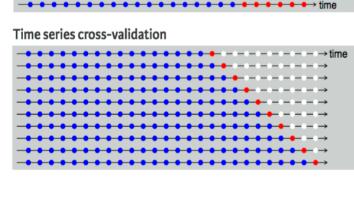
B) Time Series Cross Validation Techniques

Traditional evaluation

To cross validate a Time Series, the training set must be split using TimeSeriesSplit(n_splits=n).

Traditional splits will not work as each datapoint is dependant on the previous.

The figure visualizes the difference between TimeSeriesSplit() and Traditional Train-Test Splits. There will be many combination of



Training data

parameters to loop through. Thankfully there are tools that help such as

• Randomized Search CV. **Inputs**:

- Estimator (Random Forest in this example)
- o Range of Parameters to randomly search through.
- Cross validator (TimeSeriesSplit)
- o Number of iterations

• Grid Search CV: **Inputs**:

- Estimator (Random Forest in this example)
- o Range of Parameters to randomly search through.
- Cross validator (TimeSeriesSplit)

Randomized Search CV	Grid Search CV
Relatively Faster Computation	Slow/Expensive Computation
May not get the best parameters	Better to minimize loss function
Reasonable to accommodate larger range of	A large range of values can cause memory
values	problems

Most of this project utilized Randomized Search CV but Grid Search was used only once just for testing purposes as it takes much longer to fit a model.

C) Modelling

1) SARIMAX

1.1) Parameter Choice

- Parameters = (p,d,q)(P,D,Q,m)
- q/Q = Trend/Seasonal autoregressive Order
- d/D = Trend/Seasonal differencing order
- p/P = Trend/Seasonal Moving average order
- m= Seasonal cycle = 52 weeks
- All orders are integers

D is the significance of seasonality and was tested using the dicky fuller test. It returned a low p-value and negative test statistic which implies the differencing order can be set to 0.

The other parameters (q/Q/p/P) can range from 0 to infinity. Our limits will be set between 0 and 5 and the model that returns the lowest AIC score (Akaike information criterion).

Pyramid Arima has provided Auto Arima which runs through the different combinations of parameters and retrieves the best model. After the first model was run, features and residuals were analyzed using summary statistics. After running the test the best model with the lowest AIC retrieved was (3,0,0)(1,0,0,52).

1.2) Feature Choice

Part of SARIMAX summary statistics retrieves the table on the right. The column of interest is P>|z|. This signifies how important the features is in prediction. Features with values greater than 0.05 were removed from the analysis and the model was rerun.

The model with less features performed better on the training and testing set.

					I	
	coef	std err	Z	P> z	[0.025	0.975]
intercept	-1625.5304	5.13e+04	-0.032	0.975	-1.02e+05	9.89e+04
x 1	2.946e+04	3.85e+04	0.764	0.445	-4.61e+04	1.05e+05
x2	-4.177e+04	2.12e+04	-1.973	0.048	-8.33e+04	-279.658
х3	1465.8423	2.22e+04	0.066	0.947	-4.21e+04	4.5e+04
x4	5314.9267	900.701	5.901	0.000	3549.585	7080.269
x5	-4449.8159	6589.184	-0.675	0.499	-1.74e+04	8464.748
х6	1.641e+04	6698.624	2.450	0.014	3280.348	2.95e+04
х7	8.41e+05	3.55e+04	23.659	0.000	7.71e+05	9.11e+05
x8	-2.607e+05	1.22e+05	-2.145	0.032	-4.99e+05	-2.25e+04
х9	-2.158e+05	1.22e+05	-1.774	0.076	-4.54e+05	2.26e+04
x10	-1.243e+06	7356.881	-169.016	0.000	-1.26e+06	-1.23e+06
x11	9.19e+04	2.67e+05	0.344	0.731	-4.32e+05	6.16e+05
x12	-6.901e+04	3.29e+04	-2.100	0.036	-1.33e+05	-4601.616
x13	-972.2392	2256.845	-0.431	0.667	-5395.573	3451.095
x14	1.209e+04	3.28e+04	0.368	0.713	-5.23e+04	7.65e+04
x15	-4.466e+04	1.22e+05	-0.365	0.715	-2.84e+05	1.95e+05
x16	0.9922	0.125	7.930	0.000	0.747	1.237
x17	-0.2824	0.066	-4.247	0.000	-0.413	-0.152
x18	-3.881e+04	2.25e+04	-1.725	0.084	-8.29e+04	5274.291
x19	1.491e+04	1.14e+04	1.311	0.190	-7386.614	3.72e+04
x20	1831.8145	1.34e+04	0.137	0.891	-2.44e+04	2.81e+04
x21	1.397e+04	1.48e+04	0.943	0.346	-1.51e+04	4.3e+04

1.3) Residual Analysis

The following are the results available to analyze residuals.

1. Prob(Q) & Prob(JB)

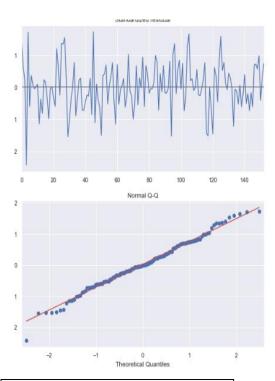
Prob(Q): 0.46 Prob(JB): 0.06

Prob(\mathbf{Q}) = p-value for the null hypothesis that residuals are uncorrelated. If greater than 0.05 then the residuals uncorrelated. The best model has $P(\mathbf{Q}) = 0.46$ which is good.

Prob (JB) = p-value for the null hypothesis that residuals are normally distributed. If greater than 0.05, the residuals are indeed normally distributed. The best model has P(JB) = 0.06

2. Residual Plots

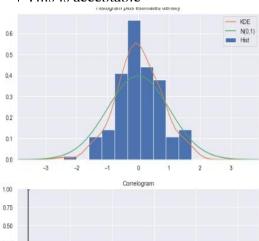
Residuals over time showing no pattern which is good

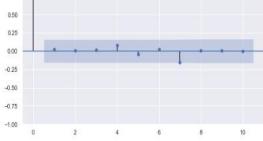


Residuals lining up well with normal distribution line

Residual distribution(Orange) vs normal distribution (Green).

- Mean is at 0
- Std is narrower than normal This is acceptable

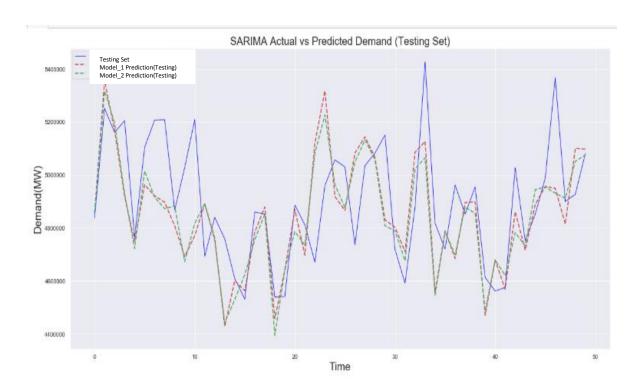




Residuals do not show significance with each other so they are uncorrelated This is good

Residuals showing no reasons for concerns about prediction. Parameter choice looks like the best choice with current dataset and computation.

1.4) Results

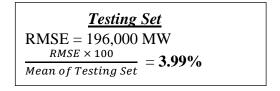


The graph above shows the plot of the *testing set*(*Blue line*), the initial model with all features *Model_1*(*Dotted Red line*) and *the model with reduced features*, *Model_2*Model_2 returned the better results on the training and testing sets. Here are the results on the training and testing sets.

Training Set

The RMSE is 98,000 MW.

$$\frac{RMSE \times 100}{Mean \ of \ Training \ Set} = 2.04\%$$



Cross validation was not be performed on this SARIMA model as parameter choice was not complex.

2) Random Forest Regression

2.1) Parameter Tuning

- n_estimators = Number of trees use in the model
- max_depth = Max depth of each decision tree used
- max_features = Max number of features used to decide each split

Randomized Search CV was run at 3000 iterations and the below results were found.

RANDOMIZED SEARCH CV		
n_estimators	Range(100,800) . Interval = 50	
max_depth	Range $(1,150)$. Interval = 1	
max_features	Range $(2,15)$. Interval = 1	

The above ranges were used for Randomized Search CV. Grid Search CV could not handle running these ranges so they were reduced to the below table.

GRID SEARCH CV		
n_estimators	Range(100,500) . Interval = 50	
max_depth	Range $(1, 50)$. Interval = 2	
max_features	Range $(2,12)$. Interval = 1	

2.2) Results

i) Best Parameters

n_estimators	100
max_depth	9
max_features	4

ii) *Errors*

The following results are those on the testing set. Both models achieved the same parameters. Even though Grid Search took less time to run, less range of values were tested due to memory issues.

Randomized Search CV	Grid Search CV
(Iterations=3000)	
Run Time = 1 hour 53 minutes	Run Time = 50 minutes

RMSE = 171,600 MW	RMSE =171,600 MW
$\frac{RMSE \times 100}{Mean of Testing Set} = 3.5\%$	$\frac{RMSE \times 100}{Mean of Testing Set} = 3.5\%$

3) Gradient Boost Regression

3.1) Parameter Tuning

n_estimators = Number of trees use in the model
max_depth = Max depth of each decision tree used
max_features = Max number of features used to decide each split
subsample = Fraction of training data to be randomly samples for each tree.
learning_rate = Controls weight of new trees added to the model based on errors

n_estimators	Range(100,800) . Interval = 50
max_depth	Range $(1,150)$. Interval = 1
max_features	Range $(2,15)$. Interval = 1
subsample	Range(0.001,0.99). Number of points = 50
learning_rate	Range $(0.001,1)$. Number of points = 30

Randomized Search CV was run at 3000 iterations and the below results were found.

3.2) Results

i) Best Parameters

n_estimators	600
max_depth	52
max_features	3
subsample	0.057
learning_rate	0.03

ii) Errors

Training - Iterations=3000	Testing - Iterations=3000
RMSE = 99,300 MW	RMSE = 154,800 MW
$\frac{RMSE \times 100}{Mean of Testing Set} = 2.07\%$	$\frac{RMSE \times 100}{Mean of Testing Set} = 3.16\%$

4) XG Boost Regression

4.1) Parameter Tuning

n_estimators = Number of trees use in the model
max_depth = Max depth of each decision tree used
max_features = Max number of features used to decide each split
subsample = Fraction of training data to be randomly samples for each tree.
learning_rate = Controls weight of new trees added to the model based on errors
colsample_bynode = subsample ratio of columns for each split

n_estimators	Range(100,800) . Interval = 50
max_depth	Range $(1,150)$. Interval = 1
max_features	Range $(2,15)$. Interval = 1
subsample	Range($0.001, 0.99$). Number of points = 50
learning_rate	Range $(0.001,1)$. Number of points = 30
colsample_bynode	Range $(0, 1)$. Interval = 0.05

Randomized Search CV was run at 3000 iterations and the below results were found.

4.2) Results

i) Best Parameters

n_estimators	620
max_depth	69
max_features	9
subsample	0.119
learning_rate	0.09
colsample_bynode	0.65

ii) Errors

Training - Randomized Search CV	Testing - Randomized Search CV	
(Iterations=3000)	(Iterations=3000)	
RMSE = 23,100 MW	RMSE = 170,000 MW	
$\frac{RMSE \times 100}{Mean of Testing Set} = 0.48\%$	$\frac{RMSE \times 100}{Mean of Testing Set} = 3.47 \%$	

D) Best Model Found

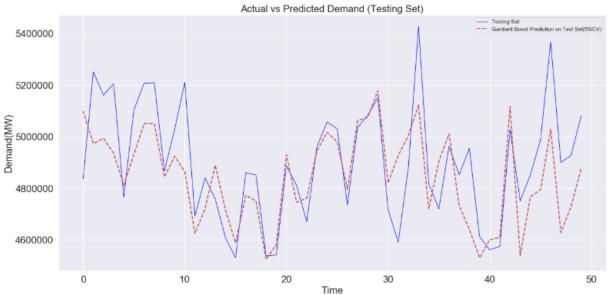
For best results, the best model out of all was remodelled and ran at 10,000 iteration(3.3x original iterations). The results are shown below.

Randomized Search CV (Iterations=10,000)			
RMSE = 146,529 MW			
$\frac{RMSE \times 100}{Magn of Testing Set} = 2.99\%$			
Mean of Testing Set			

n_estimators	775
max_depth	147
max_features	14
subsample	0.28
learning_rate	0.069

Here is a summary of all the models results achieved.

Model Name	RMSE	RMSE/Mean	RMSE	RMSE/Mean
	Train	Train (%)	Test	Test
	(MW)		(MW)	(%)
<u>SARIMAX</u>	97,842	2.04	195,663	3.99
<u>RFR</u>	76,179	1.59	171,575	3.5
Gradient Boost	99,304	2.07	154,831	3.16
XG Boost	23,096	0.48	169,981	3.47
GB-10,000 iter	46	0	146,529	2.99



The above graph represents the best model achieved which is the Gradient Boost model. The pattern is being captured quite well but the magnitudes are off.

This is not a model that is ready for implementation. Limitations and improvements will be discussed in the next section.

E) Conclusion and Limitations

- The model is predicting total weekly demand, which is around 5,000,000MW.
- The best RMSE on the testing set found was 146,529 MW. This is 2.99% of mean.
- The graph shows capturing of the fluctuations well. The magnitude of the values predicted sometimes falls short of the actual value which is the reason for the error.

This error can be due to the following:

- The training set only contained data for 3 years. That is only 3 seasonal cycles. Given more data, the results will improve.
- Computational power is not strong to tune a larger number of model parameters as well as a wider range of parameter range.