Optimization Project in Energy
ENT306

Laurent Pfeiffer
Inria and CentraleSupélec, Université Paris-Saclay

Ensta-Paris
Institut Polytechnique de Paris

1. Control strategies
2. Autoregressive processes
3. Dynamic programming

Control strategies

Random demand and decision process.

Two additional difficulties:

- The demand $d(t)$ is **random**.
- No available **mathematical model** for $d(t)$.

Adaptativity of the decision process.

- At the beginning of the time interval 1, $d(1)$ is revealed.
- Then: decision of the variables $a(1)$ and $v(1)$.
- At the beginning of the time interval 2, $d(2)$ is revealed.
- Then: decision of the variables $a(2)$ et $v(2)$.
- Etc.

Control strategies

Therefore, we can allow the following dependences:

- $a(1)$ and $v(1)$ as a function of $d(1)$
- $a(2)$ and $v(2)$ as a function of $d(1)$ and $d(2)$
- $a(3)$ and $v(3)$ as a function $d(1)$, $d(2)$, and $d(3)$
- Etc.

The number of possibilities increases exponentially with the number of time steps!

Control strategies

Demand scenarios.

We call **demand scenario** a vector $(D(s))_{s=1,\dots,T}$.
Two set of scenarios are available:

- **Training set** D_T: history of N_T demand scenarios.
  Used to **build** a probabilistic model for the demand and an appropriate *control strategy.*
- **Simulation set** D_S: history of N_S demand scenarios.
  Used to **test** the control strategies. Avoid to build biased strategies.

Control strategies

Shifting of the time index.

The two available histories of demand scenarios contain T_0 values of the demand from the "previous day", corresponding to the time intervals 0, -1, -2,...,$-(T_0 - 1)$.

On the computer: a demand scenario is a vector of size $T + T_0$. The traning and simulation sets are matrices with $(T + T_0)$ columns and respectively N_T and N_S rows.

We "get access" to the demand at time t, for the scenario ℓ with

$$D_T(\ell, t + T_0) \qquad D_S(\ell, t + T_0).$$

Control strategies

Online and offline phases.

We compute the decision variables in two steps.

1. **Offline phase**. We compute a variable $\mathcal{I}$ which synthesizes all the available information, depending only on D_T and the global parameters $(x_{\max}, P_a, P_v)$. For example, $\mathcal{I}$ can contain statistical data for D_T and coefficients describing some value function.

Control strategies

2. **Online phase**. Given a demand scenario $D \in \mathbb{R}^{T+T_0}$, the buying and selling decisions are taken at any time $s = 1, \dots, T$ with the help of some function ϕ in the following way:

$$(a(s), v(s)) = \phi\Big(s, x(1), \dots, x(s), D(1), \dots, D(T_0+s), \mathcal{I}\Big). \quad (*)$$

Here the variables $x(1),\dots,x(s)$ denote the state-of-charge of the battery at times $1,\dots,s$.

We call **control strategy** the pair $(\mathcal{I}, \phi)$.

Control strategies

Remarks.

- The mecanism is **non-anticipative**. At time s, we only use the revealed values of the demand (those until time s) and our a priori knowledge of the demand process, represented by the $\mathcal{I}$.
- **Feasibility**. The function ϕ must be such that

$$x(s+1) = x(s) + a(s) - v(s) - D(T_0 + s) \in [0, x_{\max}],$$

for any possible demand scenario.

Control strategies

Cost and evaluation of a control strategy.

Let us fix $\mathcal{I}$ and ϕ. Given a demand scenario $D \in \mathbb{R}^{T+T_0}$, we denote

$$J_{\mathcal{I},\phi}(D) = \sum_{s=1}^{T} \Big(P_a(s)a(s) - P_v(s)v(s) \Big),$$

where $(a(s))_{s=1,\dots,T}$ and $(v(s))_{s=1,\dots,T}$ are computed with the help of $(*)$.

We set

$$J_{\mathcal{I},\phi} = \frac{1}{N_S} \sum_{\ell=1}^{N_S} J_{\mathcal{I},\phi}(D_S(\ell,\cdot)).$$

This number measure the efficiency of the strategy. Remember that the history D_S is used only for evaluating the control strategy.

Control strategies

We program a control strategy in three steps:

- **Offline phase:** we program $\mathcal{I}$.
  We use D_T.
- **Online phase:** we program ϕ and $J_{\mathcal{I},\phi}$.
  We use $\mathcal{I}$.
- **Evaluation phase:** we compute $J_{\mathcal{I},\phi}$.
  We use $J_{\mathcal{I},\phi(D)}$ and D_S.

Control strategies

A lower bound for the cost

Given a demand scenario $D \in \mathbb{R}^{T+T_0}$, we denote $J_{\text{anti}}(D)$ the optimal cost obtained, assuming that D is entirely known. We denote

$$J_{\text{anti}} = \frac{1}{N_S} \sum_{\ell=1}^{N_S} J_{\text{anti}(D_S(\ell,\cdot))}.$$

The number J_{anti} is a lower bound for the evaluation cost of any (feasible and non-anticipative) strategy.

Exercise 6

Write a function `lower_bound` which computes J_{anti}. To this purpose, use the functions already written in exercise 1. Pay attention to the shifiting of time indices.

Control strategies

1. **The naive strategy**.
   - Offline phase: $\mathcal{I} = \emptyset$. We do not exploit D_T.
   - Online phase: at time s, given the demand $d(s)$, we chose

$$(a(s), v(s)) = \begin{cases} (d(s), 0), & \text{si } d(s) \geq 0, \\ (0, -d(s)), & \text{si } d(s) \leq 0 \ . \end{cases}$$

Exercise 7

Verify that the naive strategy is non-anticipative and feasible. Write a function `naive_online` which computes the decision variables and the cost associated with a demand scenario (given in input). Write a function `naive_eval` which computes the cost of the cost of the strategy.

Control strategies

2. The reasonable strategy

- Offline phase: $\mathcal{I} = \emptyset$. Again, we do not exploit D_T.
- Online phase: at time s, given the demand $d(s)$ and the state of charge $x(s)$:
  - if $d(s) \geq 0$: we dip into the reserve $x(s)$ and we buy electricity if $d(s) \geq x(s)$.
  - If $d(s) \leq 0$: we stock energy in the battery as much as possible; if $d(s) \leq x(s) - x_{\max}$, the surplus is sold.

Exercise 8

Verify that the strategy is non-anticipative and feasible. Write two function `raisonnable_online` and `raisonnable_eval` implementing and testing this strategy.

1 Control strategies

2 Autoregressive processes

3 Dynamic programming

Autoregressive processes

Generalities.

- We look for a stochastic model describing **faithfully** the evolution of the demand with respect to time.
- This model should be of **reasonable complexity**, so that it can be exploited numerically.
- We are interested in **autoregressive processes**, for which an approach by dynamic programming can be implemented.

Autoregressive processes

Processes of order 0.

We suppose that the demands $d(1)$, $d(2)$,...,$d(T)$, are T **independent** random variables. Thus we do not need to identify any correlation between them, but we need to identify the probability distribution of each random variable.

Given t, we approximate $d(t)$ with a random variable which can take N_E different values with probability $p := 1/N_E$. This values are obtained by **sampling**.

Autoregressive processes

Sampling.

Let $h \in \mathbb{R}^{N_T}$ be a given vector, that we need to sample with n_E values. The result of the procedure is a vector $z \in \mathbb{R}^{N_E}$.

- To simplify, we will assume that $q := N_T/N_E$ is an integer.
- Let $\tilde{h}$ be the vector obtained by sorting the values of h, from the smallest value to the largest one.
- We define z as follows:

$$z(1) = \frac{1}{q}\sum_{\ell=1}^{q} \tilde{h}(\ell), \quad z(2) = \frac{1}{q}\sum_{\ell=q+1}^{2q} \tilde{h}(\ell), \ \dots$$

$$z(N_E) = \frac{1}{q}\sum_{\ell=N_T-q+1}^{N_T} \tilde{h}(\ell).$$

Autoregressive processes

Exercise 9

- Write a fonction `sample` realising the sampling of an arbitrary vector h in N_E values. Use the function `sort` of Matlab.
- Write a function `sample_training_set` with output a matrix $E \in \mathbb{R}^{N_E \times T}$ such that each column contains the sampled values of the vectors

$$D_T(:, T_0 + 1), \quad D_T(:, T_0 + 2), \ldots \quad D_T(:, T_0 + T).$$

Autoregressive processes

Definition

We call white noise a sequence of independent random variables $(\varepsilon(t))_{t=1,\ldots}$ with null expectation.

Definition

We call the process $d(t)$ an autoregressive process of order $l \in \mathbb{N}$ if there exist deterministic coefficients $\gamma(t)$, $\beta_1(t)$,...,$\beta_l(t)$ and a white noise $(\varepsilon(t))_t$ such that:

$$d(t) = \gamma(t) + \beta_1(t)d(t-1) + \ldots + \beta_l(t)d(t-l) + \varepsilon(t).$$

Autoregressive processes

Numerical approximation.
We propose the following method to approximate an autoregressive process $d(t)$ of order I. We proceed in two steps:

- For all $t = 1, ..., T$, compute the solution $(\bar{\gamma}, \bar{\beta}_1, ..., \bar{\beta}_I)$ to

$$\inf_{\gamma,\beta_1,\ldots,\beta_p\in\mathbb{R}} \sum_{\ell=1}^{N_T} \Big(D_T(\ell, t+T_0) - (\gamma + \sum_{i=1}^{I} \beta_i D_T(\ell, t+T_0-i)) \Big)^2$$

  We set $\gamma(t) = \bar{\gamma}$, $\beta_1(t) = \bar{\beta}_1$,...,$\beta_I(t) = \bar{\beta}_I$.
- We sample the variable $\varepsilon(t, \ell)$, given by

$$\varepsilon(\ell, t) = D_T(\ell, t + T_0) - \Big(\gamma(t) + \sum_{i=1}^{I} \beta_i(t) D_T(\ell, t + T_0 - i) \Big).$$

Autoregressive processes

Exercise 10

Write a function `auto_reg_1` realizing the approximation of $d(t)$ as an autoregressive process of order 1
Output variables: $\gamma \in \mathbb{R}^T$, $\beta_1 \in \mathbb{R}^T$, $E \in \mathbb{R}^{N_E \times T}$.

Optional. Write a function `auto_reg` which realizes the approximation of $d(t)$ by an autoregressive process of arbitrary order (given as input variable).

Autoregressive processes

Predictive model.

Phase offline. Approximation of $d(t)$ with an autoregressive process of order 1, with the help of coefficients γ and β_1.

Phase online. Let t be the current time step. Let x_t denote the current state-of-charge of the battery and let d_t denote the demand at time t.

1. Prediction. Compute $(D_p(s))_{s=t,\dots T}$ as follows:

$$\begin{aligned} D_p(t) &= d_t, \\ D_p(t+1) &= \gamma(t+1) + \beta_1(t+1)D_p(t), \\ D_p(t+2) &= \gamma(t+2) + \beta(t+2)D_p(t+1), \\ &\dots \\ D_p(T) &= \gamma(T) + \beta(T)D_p(T). \end{aligned}$$

Predictive method

2. Optimization. We solve:

$$\inf_{\substack{x(t),\dots,x(T+1)\\ a(t),\dots,a(T)\\ v(t),\dots,v(T)}} \sum_{s=t}^{T} P_a(s)a(s) - P_v(s)v(s)$$

$$\text{s.t.} \begin{cases} x(s+1) = x(s) + a(s) - v(s) - D_p(s), & s = t, \dots T \\ x(t) = x_t \\ a(s) \geq 0, & s = t, \dots, T \\ v(s) \geq 0, & s = t, \dots, T \\ 0 \leq x(s) \leq x_{\max}, & s = t, \dots, T \end{cases}$$

Let $\bar{x}(t), \dots, \bar{x}(T+1)$, $\bar{a}(t), \dots, \bar{a}(T)$, $\bar{v}(t), \dots, \bar{v}(T)$ be a solution. We take:

$$a(t) = \bar{a}(t), \quad v(t) = \bar{v}(t).$$

Predictive method

Exercise 11

Implement the predictive method described above.

1 Control strategies

2 Autoregressive processes

3 Dynamic programming

Dynamic programming

Case of an autoregressive process of order 0.

We suppose that the demande $d(t)$ is described by an autoregressive process of order 0, that is, all the random variables $d(1),\ldots,d(T)$ are independent.

We suppose that a matrix $(D(j,t))_{\substack{j=1,\ldots,N_E\\ t=1,\ldots,T}}$ is given and that

$$\mathbb{P}\left[d(t) = D(j,t)\right] = \frac{1}{N_E},$$

for all $j = 1, \ldots, N_E$ and for all $t = 1, \ldots, T$.

Dynamic programming

From now on, we need to work with two value functions:

- $V(t, x)$: the expectation of the optimal cost (from t to T), with initial state-of-charge x at time t, before the demand $d(t)$ is revealed.
- $\tilde{V}(t, x, d_t)$: the expectation of the optimal cost (from t to T), with initial state-of-charge x at time t, conditionally to $d(t) = d_t$.

Dynamic programming

Theorem

The following holds true.

- For all $x \in [0, x_{\max}]$, $V(T+1, x) = 0$.
- For all $t = 1, ..., T$, for all $x \in [0, x_{\max}]$,

$$V(t,x) = \frac{1}{N_E} \sum_{j=1}^{N_E} \tilde{V}(t, x, D(j,t)).$$

- For all $t = 1, ..., T$, for all $x \in [0, x_{\max}]$,

$$\tilde{V}(t,x,d) = \inf_{(z,a,v) \in \mathbb{R}^3} \quad P_a(t)a - P_v(t)v + V(t+1, z), \quad (DP(t,x,d))$$

$$\text{sous la contrainte : } \begin{cases} z = x + a - v - d, \\ 0 \leq z \leq x_{\max}, \\ a \geq 0, \ \ v \geq 0. \end{cases}$$

Dynamic programming

Phase offline: numerical approximation of $V(\cdot,\cdot)$.

The mechanism is similar to the one seen in the deterministic framework.
Let $t \in \{1, ..., T\}$. Let us suppose $V(t+1,\cdot)$ that is known and represented as a polynomial function.

- We calculate $\tilde{V}(t, x_j, D(k,t))$ for all $j = 1, ..., J$ and for all $k = 1, ..., N_E$, by solving $(DP(t, x_j, D(k,t))$.
- We calculate $V(t, x_j)$ for all $j = 1, ..., J$.
- We approximate the full function $V(t,\cdot)$ by approximation.

Phase online : at time t, when the demand $d(t)$ has been revealed, we solve $(DP(t, x, d))$, with x the current state-of-charge at time t and $d = d(t)$.

Dynamic programming

Exercise 12

Implement the control strategy induced by the dynamic programming principle with the auto-regressive model of order zero.

Dynamic programming

Case of a first-order autoregressive process.
We suppose that the demand $d(t)$ is described by a first-order autoregressive process, that is:

$$d(t) = \gamma(t) + \beta_1(t)d(t-1) + \varepsilon(t),$$

where $(\varepsilon(t))_{t=1,\ldots,T}$ is a white noise.

We suppose that a matrix $(E(k,t))_{\substack{k=1,\ldots,N_E \\ t=1,\ldots,T}}$ is given and

$$\mathbb{P}\Big[\varepsilon(t) = E(k,t)\Big] = \frac{1}{N_E},$$

for all $k = 1, \ldots, N_E$, and for all $t = 1, \ldots, T$.

Dynamic programming

We consider two value functions:

- $V(t, x, d_{t-1})$: the optimal expected cost (from t to T), with state-of-charge x at time t, knowing that $d(t-1) = d_{t-1}$, before that $d(t)$ is revealed.
- $\tilde{V}(t, x, d_t)$: the optimal expected cost, with state-of-charge x at time t, knowing that $d(t) = d_t$.

Dynamic programming

Theorem

The following holds true.

- For all $x \in [0, x_{\max}]$, $V(T+1, x, d_T) = 0$.
- For all $t = 1, ..., T$, for all $x \in [0, x_{\max}]$,

$$V(t, x, d_{t-1}) = \frac{1}{N_E} \sum_{k=1}^{N_E} \tilde{V}(t, x, \gamma(t) + \beta_1(t) d_{t-1} + E(k, t)).$$

- For all $t = 1, ..., T$, for all $x \in [0, x_{\max}]$,

$$\tilde{V}(t, x, d_t) = \inf_{(z,a,v) \in \mathbb{R}^3} P_a(t) a - P_v(t) v + V(t+1, z, d_t),$$

$$\text{subject to: } \begin{cases} z = x + a - v - d_t, \\ 0 \leq z \leq x_{\max}, \\ a \geq 0, \ v \geq 0. \end{cases} \qquad (DP(t, x, d_t))$$

Dynamic programming

Remark. The value function (at time t) depends on two variables. We can seek for an approximation with a second-order polynomial of the form:

$$V(t, x, d_{t-1}) = \alpha_1(t) + \alpha_2(t)x + \alpha_3(t)d_{t-1} + \alpha_4(t)x^2 + \alpha_5(t)xd_{t-1} + \alpha_6(t)d_{t-1}^2.$$