

Faculty of Electrical Engineering



Master of Science in Electrical Engineering

OPTIMAL VIRTUAL MICROGRID DESIGN USING COMMUNITY ENERGY STORAGE FOR DISTRIBUTION NETWORKS

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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

2023

DECLARATION

I declare that this thesis entitled "Optimal Virtual Microgrid Design Using Community Energy Storage for Distribution Networks" is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in the candidature of any other degree.



APPROVAL

I hereby declare that I have read this thesis and in my opinion, this thesis is sufficient in terms of scope and quality for the award of Master of Science in Electrical engineering.



DEDICATION

To my beloved mother "Nedal" and father "Yahya" and my dear late grandma "Hamedah". This is for you.



ABSTRACT

Virtual microgrid is concerned with upgrading the traditional distribution network (DN) into smart DN using distributed energy resources. This research develops a framework for designing optimal virtual microgrid (VM) in two steps: boundary identification considering both structural characteristics and operating states of PV residential networks and sizing and locating Community Energy Storage (CES). The CES sizing and locating procedure is done in each VM with the goal of maximizing the economic benefit of CES deployment. The methodological tackling of the VM boundaries problem is achieved by identifying boundaries using two inputs: distribution line resistivity and transmitted power. Louvain heuristic algorithm is used for optimizing the VM partitioning. The CES optimal placement and sizing in the VMs are identified by maximizing the overall net present value (NPV) of CES deployment over a specific planning horizon. To tackle the CES allocation issue, Genetic Algorithm (GA) toolbox in MATLAB is utilized. The VM partitioning strategy was tested on IEEE 33-bus and to verify the algorithm robustness on a larger system, IEEE-118 bus system was used. When compared to previous work, the results of the VM partitioning using the proposed strategy showed lower line losses and higher electrical modularity. The impact of PV penetration level and its distribution to the VM partitioning was investigated on IEEE 33-bus and IEEE 69-bus distribution systems. Finally, VM partitioning for a 19bus Malaysian distribution network is done. With respect to the second objective, the results of CES allocation strategy deployed on 19-bus Malaysian distribution network demonstrated that the proposed approach is capable of determining the optimal size, location and operating characteristics of CES in each VM, as well as maximising CES' total profit. This scenario is expected to achieve a revenue of 16.822 million MYR within the 20 years of CES deployment. Furthermore, it is observed that dispatching CES active power in each VM can lower peak demand, eliminate the violation of reverse power flow limits and reduce the cost of purchasing electricity from the grid. Sensitivity analysis shows that 40% penetration level of PV generation yields the highest NPV from CES deployment and starting the VM project in the next 20 years, i.e., year 2042 yields the highest BCR which is 5.22 due to ES cost reduction. The proposed framework can be used as a guideline for the power utilities and policy makers in developing a smart and reliable distribution network with higher renewable energy penetration.

REKA BENTUK OPTIMUM MIKROGRID MAYA MENGGUNAKAN PENYIMPAN TENAGA KOMUNITI UNTUK RANGKAIAN PENGAGIHAN

ABSTRAK

Mikrogrid maya (VM) boleh menaiktaraf rangkaian pengagihan elektrik tradisional (DN) kepada DN pintar menggunakan sumber tenaga teragih. Penyelidikan ini membangunkan rangka kerja untuk merekabentuk VM optimum dengan dua langkah iaitu pengenalpastian sempadan dengan mengambil kira kedua-dua ciri, struktur dan keadaan operasi rangkaian pengagihan elektrik dengan PV serta pensaizan dan pengesanan Penyimpan Tenaga Komuniti (CES). Prosedur penentuan saiz dan lokasi CES dilakukan dalam setiap VM dengan matlamat untuk memaksimumkan manfaat ekonomi penggunaan CES. Metodologi menangani masalah sempadan untuk VM dicapai dengan menggunakan dua input iaitu kerintangan talian agihan dan kuasa yang dihantar. Algoritma heuristik Louvain digunakan untuk mengoptimumkan pembahagian VM. Lokasi dan saiz optimum CES dalam VM dikenal pasti dengan memaksimumkan jumlah nilai kewangan semasa bersih (NPV) penggunaan CES pada tempoh projek tertentu. Untuk mengenalpasti lokasi dan saiz optimum CES, Algoritma Genetik (GA) dalam MATLAB digunakan. Strategi pembahagian VM telah diuji pada sistem pengihan elektrik IEEE 33-bas. Metodologi yang dihasilkan ini turut diuji pada sistem IEEE 118-bas untuk memastikan keberkesanannya pada sistem yang lebih besar. Hasil dapatan simulasi telah dibandingkan dengan strategi yang dicadangkan oleh penyelidik-penyelidik lain sebelumnya. Perbandingan tersebut menunjukkan bahawa pembahagian VM menggunakan strategi yang dicadangkan lebih berkesan dalam meminimumkan kehilangan talian dan meningkatkan modulariti elektrik. Kesan tahap penembusan PV dan pengagihannya kepada pembahagian VM telah disiasat pada sistem pengagihan IEEE 33-bas dan IEEE 69-bas. Akhirnya, pembahagian VM untuk rangkaian pengagihan Malaysia 19-bas telah ditentukan. Berkenaan dengan objektif kedua, hasil simulasi bagi rangkaian pengagihan Malaysia 19-bas menunjukkan bahawa strategi yang dicadangkan mampu menentukan saiz optimum, lokasi dan ciri operasi CES dalam setiap VM, serta memaksimumkan jumlah keuntungan perlaksanaan projek CES. Senario ini dijangka mencapai keuntungan sebanyak 16.822 juta MYR dalam tempoh 20 tahun penggunaan CES. Strategi penentuan kuasa aktif CES yang dicadangkan dalam setiap VM juga boleh mengurangkan beban elektrik puncak, mengelakkan pelanggaran had aliran kuasa terbalik dan mengurangkan kos pembelian elektrik daripada grid. Analisis sensitiviti menunjukkan bahawa 40% tahap penembusan penjanaan PV menghasilkan NPV tertinggi daripada penggunaan CES dan memulakan projek VM pada 20 tahun yang akan datang iaitu tahun 2042 menghasilkan Nisbah Keuntungan terhadap Kos (BCR) tertinggi iaitu 5.22 disebabkan pengurangan kos CES. Rangka kerja yang dicadangkan boleh dijadikan rujukan oleh syarikat utiliti kuasa dan pembuat polisi dalam membangunkan rangkaian pengagihan elektrik yang pintar dan mampan dengan lebih banyak penggunaan tenaga boleh diperbaharui.

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TABLE OF CONTENTS

DECI	LARA	ATION	
APPR	OVA	L	
DEDI	CAT	ION	iii
ABST	RAC	T	i
ABST	RAK	· •	ii
ACKI	NOW	LEDGMENTS	iii
TABL	LE OI	F CONTENTS	iv
LIST	OF T	ABLES	vi
LIST	OF F	IGURES	viii
LIST	OF A	BBREVIATION	X
LIST	OF S	YMBOLS	xii
LIST	OF P	UBLICATIONS	xiv
CHAI	PTER		
1.	INT	RODUCTION	1
	1.1	Introduction	1
	1.2	Motivation	2
	1.3	Problem Statement	3
	1.4	Research Objectives	6
	1.5	Research Scope	6
	1.6	Research Contribution	7
	1.7	Thesis Outline	7
2.	LIT	ERATURE REVIEW	8
	2.1	او بيوم سين بيڪنيڪ مليسIntroduction	8
	2.2	Distribution Networks	9
		2.2.1 Conventional Distribution Network	12
		2.2.1 Microgrids	14
		2.3.1 Virtual Microgrid	16
	2.3	Structure of Power Networks	19
	2.4	Energy Storage Systems	24
		2.4.1 Battery Energy Storage (BES)	25
		2.4.1.1Community Energy Storage	26
		2.4.1.2Benefits of Community Energy Storage	29
		2.4.2 Optimal placement and sizing of ESS	31
		2.4.3 Economic Assessment of Energy Storage Deployment in Malays	s1a36
	2.5	Chapter Summary	39
3.	RES	SEARCH METHODOLOGY	40
	3.1	Introduction	40
	3.2	Load and PV Models	41
	3.3	Virtual Microgrid Partitioning	43
		3.3.1 Composite Weight of Distribution Lines	44
		3.3.2 Virtual Microgrid Optimization	46
	3.4	CES Sizing and Locating	49

		3.4.1 Operational Characteristics of CES	51
		3.4.2 CES Costs and Benefits	53
		3.4.2.1 Peaking Power Generation	53
		3.4.2.2Energy Arbitrage	54
		3.4.2.3Energy Loss Reduction	54
		3.4.2.4T&D system Upgrade Deferral	55
		3.4.2.5CO2 Emissions Reduction	56
		3.4.2.6Renting CES	57
		3.4.2.7Capital and O&M Cost	58
		3.4.3 Problem Formulation	59
		3.4.4 Sensitivity Analysis	62
	3.5	Chapter Summary	63
4.	RES	SULT AND DISCUSSION	64
	4.1	Introduction	64
	4.2	Results of VM Partitioning	64
		4.2.1 Verification of VM Partitioning	65
		4.2.1.1IEEE 33-Bus Distribution System	65
		4.2.1.2IEEE 118-Bus System	68
		4.2.2 Impact of PV Generation to the VM Partioning	69
		4.2.2.1 Variation of PV Penetration Level	70
		4.2.2.2 Variation of PV Distribution on IEEE 33-Bus	
		System	71
		4.2.2.3 Variation of PV Distribution on IEEE 69-Bus	
		System	73
		4.2.3 VM Partioning for Malaysian Distribution Network	74
	4.3	Results of Community Energy Storage Sizing and Locating	75
		4.3.1 Economic Evaluation	76
		4.3.2 CES Operational Characteristics	81
		4.3.3 Sensitivity Analysis	82
		4.3.3.1PV Penetration Level	82
		4.3.3.2CES Deployment Year	84
	4.4	Chapter Summary	86
5.	CO	NCLUSION AND SUGGESTION FOR FUTURE WORK	88
	5.1	Summary and Research Contribution	88
	5.2	Recommendation for Future Work	89
6.	RE	FERENCES	91

LIST OF TABLES

TABLE	TITLE	PAGE
2.1	VMs clustering methods	18
2.2	Difference between individual and shared shared energy storage	29
2.3	CES technical and economic benefits based on previous research	31
2.4	State of the art techniques of placement and sizing of ESS	32
2.5	Economic assessments of BESS in Malaysia	37
3.1	Costs and benefits of CES deployment	53
4.1	Description of the study Cases	65
4.2	VM partitioning for Cases 1-3 for IEEE 33-bus distribution network	68
4.3	VM partitionings for different Case studies for IEEE 118-bus system	69
4.4	Description of PV penetration for different cases	71
4.5	Partitioning results for IEEE 33-bus distribution network including	72
	PV and load profiles	
4.6	Partitioning results for IEEE 69-bus distribution network including	73
	PV and load profiles	
4.7	Partitioning results for 19-bus Malaysian distribution network	75
4.8	Economic Parameters	76
4.9	CES deployment results for various virtual microgrids	78
4.10	Variation of GA solutions for the 4-VM scenario across ten runs	79

- 4.11 Lithium-Ion battery costs at different years (Cole et al., 2021) 84 (Veronika Henze, 2021)
- 4.12 Economic evaluation for different CES deployment year 86



LIST OF FIGURES

FIGURE	TITLE	PAGE
1.1	Overview of the research problem	5
2.1	Flow chart of the literature review	9
2.2	Map of the peninsular Malaysian electricity grid (Anon, 2017)	10
2.3	Parties in the Grid Code (Anon, 2021)	13
2.4	Taxonomy of microgrid adapted from Bishno and Chaturvedi (2020)	16
2.5	Illustration of the basic concept of VM adapted from Xu et al. (2019)	17
2.6	A diagram of different components in complex networks adapted from	20
	Mark Newman (2018)	
2.7	اونيوبرسيتي تيڪنيڪل A directed network	21
2.8	A weighted network adapted from Mark Newman (2010)	22
2.9	A network with 3 communities	23
2.10	Classification of ESSs according to the application	24
2.11	Shared energy storage model at the community level adapted from	27
	Mediwaththe et al. (2020)	
2.12	Possible economic benefits of BESS in Malaysia	38
3.1	Flow chart of the project	41
3.2	Load Profile	42
3.3	PV Profile	42
3.4	Illustration of power transmission within distribution lines	45

3.5	Illustration of concept of minimizing distance among buses in and	46
	minimizing power flow between different VMs	
3.6	Pseudocode of Louvain optimization algorithm	48
3.7	Boundaries detection process using Louvain Algorithm	49
3.8	Conceptual design for community energy storage sizing and locating	51
3.9	Flowchart of CES size and location strategy	61
4.1	Partitioning results for IEEE 33-bus distribution network. (a) VM	67
	partitioning for Case 1 (b) VM partitioning for Case 2 (c) VM	
	partitioning for Case	
4.2	VM partitioning using W (P, G) weight index	71
4.3	Partitioning results for IEEE 33-bus distribution network including	72
	PV and load profiles. (a) Boundaries of VMs for Case A ($Q=0.72$).	
	(b) Boundaries of VMs for Case B ($Q = 0.79$)	
4.4	Partitioning results for IEEE 69-bus test distribution system W (E, G)	73
	اونيوم,سيتي تيڪنيڪل مليسي(0.77)	
4.5	Partitioning results of 19-bus distribution network ($Q=0.56$)	74
4.6	Percentage of the profit from each CES benefit source for the four-	80
	VM Case	
4.7	Daily power dispatched by a CES unit and demand profile in VM1 for	82
	the four-VMs case and electricity market price	
4.8	Optimal CES capacity along with optimal inverter size for different	83
	PV penetration levels	
4.9	Total profit for different penetration levels	84

LIST OF ABBREVIATION

AEP	- American Electric Power
BCR	- Benefit To Cost Ratio
BES	- Battery Energy Storage
BTSO	- Backtracking Search Optimization
CES	- Community Energy Storage
DER	- Distributed Energy Resource
DG	- Distributed Generation
DN	- Distribution Network
DOD	- Depth Of Discharge
ECS	- Electrical Coupling Strength
ELECTRA	Electricity Grid Committed Towards Long-Term Research
	Activities

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ES	-	Energy Storage
ESS	-	Energy Storage Systems
GA	-	Genetic Algorithm
GSO	-	Grid system operator
ICT	-	Information and Communication Technology
LP	-	Linear Programming
MESTECC	-	Malaysia's Ministry of Energy, Science, Technology, Environment,
		and Climate Change

MILP	- Mixe	ed-Integer Linear Programming
NPV	- Net	Profit Value
O&M	- Oper	ration And Maintenance
P2P	- Peer	To Peer
PCS	- Pow	er Conversion System
PPF	- Prob	abilistic Power Flow
PSO	- Parti	cle Swarm Optimization
PV	- Phot	ovoltaic
PVSG	- Sola	r PV System and Smart Grid Research Laboratory
RPV	- Roo	ftop Photovoltaic
RSM	- Resp	oonsive Surface Method
SDN	j - Sma	rt Distribution Network
SEDA	- Sust	ainable Energy Development Authority Malaysia
SES	- Shar	ed Energy Storage
T&D	Marran	اوىيوىرسىينى ئى smission And Distribution
VM	UNIVER	al Microgrid

LIST OF SYMBOLS

$\overline{G_{ij}}$	-	Conductance between Bus <i>i</i> and Bus <i>j</i> in VM
$\overline{P_{ij}}$	-	Transmitted Power in Line <i>i</i> , <i>j</i>
$\overline{W_{i,j}}$	-	Composite Weight Index
E _{ij(24)}	-	Energy transmitted in Line <i>i</i> , <i>j</i> for 24 hours
G′	-	Normalized Conductance
L _{nj}	-	Real Load Power in Bus <i>j</i> at Hour n
Р′	-	Normalized Active Power
PV _{nj}	-	PV Generated Power in Bus j at Hour n
R_{ij}	-	Electrical Distance between Bus <i>i</i> and Bus <i>j</i> in VM
x′	-	Normalized value
x _{max}	_ L	JNIVERSITI TEKNIKAL MALAYSIA MELAKA Maximum Value
x _{min}	-	Minimum Value
C _{CES}	-	CES Capital Cost
$E_{L \text{ VM}}$	-	Total Load Consumed by All Loads in All VMs
E _{PVVM}	-	Total Energy Generated by All PVs In All VMs
P_D	-	Substation's Total Active Power Demand at Hour t
PL_{PV}	-	PV Penetration Level in Distribution System
P_{ch}	-	Charging Threshold
P _{dis}	-	Discharging Threshold

$W_{i,j}$	-	Edge Composite Weight Index Between Buses <i>i</i> and <i>j</i>
EA	-	Energy Arbitrage Profit
L	-	Location of Energy Storage Units
Q	-	Modularity
S	-	Size of Energy Storage Units
α	-	Proportion Coefficient
β	-	Proportion Coefficient
F	-	Inflation Rate
IR'	-	Effective Interest Rate
IR	-	Interest Rate
LCT	-	Levelized Annual Cost of Gas Combustion Turbines
LR	-	Energy Loss Reduction Profit
ОМ	-	Operation and Maintenance Costs
PG	-	CES's Peaking Power Generation Reduction Profit
RC	-	Profit of CES Renting Cost
<i>RC</i> 02	- 1	Reduction In CO2 Emission Profit LAYSIA MELAKA
TDB	-	Transmission And Distribution System Upgrade Deferral Profit
С	-	VM of Several Buses
k	-	Sum of the Weights of the Lines Attached to Bus
δ	-	Kronecker Delta Function

LIST OF PUBLICATIONS

- Alawami, H., Sardi, J. and Gan, C.K., 2021. Virtual Microgrid Partitioning Considering Structure and Characteristics of Smart Distribution Networks. *International Journal of Renewable Energy Research (IJRER)*, 11(4), pp.1578-1589. (Scopus index) (WOS index)
- Alawami, H., Sardi, J. and Gan, C.K., 2021. Allocation of Shared Energy Storage Units for Malaysian Residential Network with Rooftop PVs. *Malaysian Technical* Universities Conference on Engineering and Technology (MUCET). (Scopus index)



CHAPTER 1

INTRODUCTION

1.1 Introduction

Virtual microgrids (VMs) are virtually islanded systems developed from conventional distribution networks (CDNs) where each partition must contain enough distributed energy resources to maintain the following electrical characteristics: selfadequacy, self-sufficiency and self-healing; and have information and communication technologies (ICTs) between partitions for optimized energy management. To justify the economic feasibility of VMs, a business model is needed to increase the utility's and consumers' profits.

Community energy storage (CES) can be defined as the deployment of modular, distributed energy storage device at or near locations in the utility distribution system that are close to residential and business end customers. Using CES in the VMs can solve numerous technical challenges caused by high penetration of PV in the traditional power grids. While CES could potentially solve numerous technical issues, its high cost remains a barrier to its deployment. So, cost benefit analysis of CES deployment in the traditional grid that can justify its investment cost and motivate its deployment is needed.

This chapter of the thesis presents a general framework for this research. It covers the motivation behind this study and related problem statements. This chapter also presents the research objectives and research contributions. The chapter finishes with an overview of the research project, including an explanation of its structure and a research plan.

1.2 Motivation

Nowadays, with the increase of environmental awareness of climate change, unstable fuel costs, and outdated electricity grid infrastructure and technologies, there have been initiatives from governments and institutes to move towards the smart grid and green energy. Malaysia's Ministry of Energy, Science, Technology, Environment, and Climate Change (MESTECC) has set a goal for renewable energy to generate 20% of the country's power by 2025, up from 2% today (Syakirah et al., 2021). The government wants to make sure that the national grid is ready for the integration of renewable energy sources in energy generation. Due to feed-in-tariff programs, the increased deployment of distributed generation, particularly renewable-based power, has resulted in a revolution in the utilization of distribution networks and the creation of smart-grid concepts (Razali et al., 2019). Smart grids are primarily meant to make the integration of renewable energy sources easier, as well as to improve system dependability and efficiency.

Although increased photovoltaic (PV) generation has several benefits, its widespread use in traditional power grids poses significant technological obstacles. Reverse power flow, voltage fluctuations, power quality concerns, and other difficulties are among these obstacles. In the meantime, energy storage (ES) is prohibitively expensive in terms of both capital and operating costs. As a result, utilities are being cautious about integrating ESs into their networks since they are uncertain of the economic value of doing so considering the high cost of ESs. This research proposes a framework of Virtual Microgrid (VM) construction employing Community Energy Storage (CES) in residential networks with rooftop PV units within Malaysia's energy setting to assist Malaysia in meeting the RE target and addressing the above-mentioned difficulties. Virtual microgrids are virtually islanded systems developed from conventional distribution networks (CDNs) where each partition must contain distributed energy resources to maintain the following electrical characteristics: self-adequacy, self-sufficiency, and self-healing; and have information and communication technologies (ICTs) between partitions for ideal energy management." Despite VM advantages, until now, there is no such framework being proposed or implemented in Malaysia.

1.3 Problem Statement

Solar photovoltaics (PVs) on rooftops are the most profiled distributed energy resources (DERs). However, if not effectively controlled, an increase of PV penetration in traditional distribution networks may have negative consequences such as voltage fluctuations, reverse power flow, maximum voltage limit violations and poor system stability.

Energy storage systems have significant potential in mitigating concerns with appropriate planning and control strategies. The advantages of the ESS in the power system, particularly those that include renewable energy sources, are undeniable. There are, nevertheless, some obstacles that should not be neglected. The economic justification for integrating the ESS into the electrical grid is one of the primary problems. Even though there was a profit from energy arbitrage, the overall cost, including BESS losses, investment, and operating costs, was greater than the profit made (Xia et al., 2018).

VM can provide an effective solution for the issues of high PV proliferation in the distribution networks. Where a VM can be considered as a group of small-scale prosumers that is perceived as a single controlled entity. It benefits both the utility and the consumer in that it allows more solar energy to be shared among neighbours during peak periods when grid electricity is most expensive, hence enhancing the value of participating houses. CES is an important component of VM. CES may be used to store surplus PV energy throughout the day and feed it back to the community at peak demand periods in the home distribution

network. However, there is currently a lack of study on the elements that influence virtual microgrid clustering and construction. In addition, given the present market's high cost of CES, VM design that focuses on maximizing financial returns from CES deployment in Malaysia is required. As a result, this research is being carried out to determine the best VM design for PV residential networks utilizing CES, which would benefit both the utility and the prosumers in Malaysia. Figure 1.1 illustrates the research problem defined in three relative directions specifically, general problem, and specific problem, and the sub-issues. Research problem have derived from the literature review section, which firstly stated that currently, no framework exists that addresses the VM partitioning considering both structure and operational characteristics of DNs. Secondly, it can be observed that CES allocation planning in Malaysia specifically that considers financial standpoint is lacking.





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