Power purchase plan using minimal cost flow

Zhan’an Zhang*, Xingguo Cai

School of Electrical Engineering and Automation, Harbin Institute of Technology, No.92, West Straight Street Harbin, Heilongjiang, China

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1 Introduction

Before 2002, China’s electric power system was a vertically integrated monopoly industry, with power plants and grids integrated within one enterprise. With the reform of the power system in China, the electricity market gradually opens to the users. The users can choose their own power supply companies. Direct-purchasing electricity was first performed on large customers [1-3], and then gradually extended to all users. The user’s goal is to take minimum power purchase cost as a power purchase plan. Therefore, the minimal purchase cost research has very practical significance.

Different countries have different power systems hence electricity-purchasing researches are different [4-6]. The purpose of China’s electric power system reform is to break the monopoly and form competition. This is helpful to power plants, which need to improve efficiency and to power grid in terms of the reduction of line losses, which is beneficial to the development of the power system.

Current electricity purchasing cost model generally does not consider the structure of the grid. As the network flow algorithm can reserve system network topology structure and has the advantage of easiness in considering security constraints, it is suitable for solving constraints of high dimension, linear and nonlinear optimization problems. Therefore, the network flow theory has been widely applied to many fields such as power system dispatching, power system restoration plans [7], observability analysis [8, 9], network reliability [10-13], etc.

In this paper, the minimum cost flow algorithm is used to solve the minimal purchasing cost model and calculate a network in a single time. A continuous period of power purchase plan is obtained by accumulating each period network flow together. Case studies have proven that the minimal cost flow method was successful in solving the minimal purchase cost problem and therefore has a certain applicational value.

2 The mathematical model

2.1 THE OBJECTIVE FUNCTION

The user’s goal is the minimal electricity purchasing cost under open electricity market. The objective function can be expressed as:

\[
\min \sum_{i=1}^{T} \sum_{t=1}^{N} W_{it} \rho_{it} ,
\]

(1)

\[
W_{it} = P_{it} \Delta t ,
\]

(2)

where \(W_{it}\) is the electricity of the \(i\)th branch at \(t\) time; \(\rho_{it}\) is the cost of unit electricity corresponding to \(W_{it}; \) \(P_{it}\) is the power of the \(i\)th branch at \(t\) time; \(N\) represents the number of branches.

2.2 CONSTRAINTS

The objective function need to satisfy the following constraints:

(1) Power constraints

The power constraints include the generator output and line transmission limit.

\[
P_{\text{min}} \leq P_{i} \leq P_{\text{max}} \quad i = 1, 2, ..., N ,
\]

(3)

where \(P_{\text{min}}\) is the lower and \(P_{\text{max}}\) is the upper output limit of unit \(i\), respectively.

(2) Node voltage constraints
3 Network flow theory introduction

3.1 NETWORK FLOW INTRODUCTION

Network flow problems belong to the category of graph theory. Graph is also referred to as a network, consisting of a number of nodes and its connecting arcs. If any two nodes in graph G are connected, then G is a connected graph. It is called a connected digraph if each arc has a direction. For digraph \( G = (V, E) \), where \( V \) is the set of all nodes; \( E \) is the set of all arcs. The node which only has outflow arcs is called source point \((s)\), while the one only has inflow arcs is called receive point \((r)\) in \( V \). The rest nodes which there are both outflow and inflow arcs are called intermediate points.

Arc \((i, j)\) is the edge connecting node \( i \) and \( j \), which has a predetermined direction, flow \( f_{ij} \), the cost of the unit flow \( c_{ij} \), the flow rate limit (as shown in Figure 1 and Figure 2).

![A Network](image1)

**FIGURE 1 A Network**

\[ l_{ij} \leq f_{ij} \leq u_{ij} \]

**FIGURE 2 Flow Limit and Cost in An Arc**

A set of \( f \) that meets the following two basic conditions in the graph can be viewed as a feasible flow.

1. For each arc to meet capacity limits.
   \[ l_{ij} \leq f_{ij} \leq u_{ij} \quad (i, j) \in E. \]
   where \( l_{ij} \) is lower limit, \( u_{ij} \) is upper limit.

2. For the intermediate node, inflow is equal to outflow.
   \[ \sum_{(i, j) \in E} f_{ij} = \sum_{(j, i) \in E} f_{ji}. \]

3.2 THE MINIMAL COST FLOW METHOD

The minimum cost flow problem is to make the minimum total cost under the specified flow taking into account the arc cost. The objective function can be expressed as:

\[ \min \sum_{(i, j) \in E} c_{ij} f_{ij}. \]

It can be proved that the net flows are equal from \( s \) to \( r \). The flows are all set to \( v \), and \( v \) is called the flow of the feasible flow \([14]\).

3.3 MULTI-PERIOD NETWORK FLOW MODEL

A continuous time network flows is constituted by combining each network flow chart of a single period in space. Multi-period model is a three-dimensional model with each layer corresponding to a single period model (as shown in Figure 3). Each \( s \) is united together to form new \( s \), in the same way to form new \( r \). Arcs \((s, s)\) represents the output, and arc \((r, r)\) represents the load. Considering each period together, the power purchase plan of continuous time can be obtained.
4 Example analysis

A system diagram and its corresponding cost flow network diagram are shown in Figure 4 and Figure 5 respectively. When the purchasing electricity changes from minimum to maximum, we calculate the corresponding changes in the minimal power purchase costs. The unit of arc flow and its unit cost are MWh and Yuan/MWh respectively. For example, \((15, 330)\) means that the upper flow is 15 MWh and the unit cost is 330 Yuan/MWh.

\[ \begin{align*}
P_{G1} & \quad (17, 20) \quad P_{G2} \\
(15, 330) & \quad (11, 10) \\
(16, 340) & \quad (13, 30) \\
(18, 30) & \quad (12, 20) \\
(10, 10) & 
\end{align*} \]

**FIGURE 4 Power System Diagram**

\[ \begin{align*}
F & = \begin{bmatrix}
0 & 16 & 0 & 0 & 0 \\
0 & 0 & 0 & 17 & 13 & 0 \\
0 & 11 & 0 & 0 & 18 & 0 \\
0 & 0 & 0 & 0 & 12 & 14 \\
0 & 0 & 0 & 0 & 0 & 10 \\
0 & 0 & 0 & 0 & 0 & 0
\end{bmatrix} \\
C & = \begin{bmatrix}
0 & 330 & 340 & 0 & 0 & 0 \\
0 & 0 & 0 & 20 & 30 & 0 \\
0 & 10 & 0 & 0 & 20 & 0 \\
0 & 0 & 0 & 0 & 20 & 10 \\
0 & 0 & 0 & 0 & 0 & 10 \\
0 & 0 & 0 & 0 & 0 & 0
\end{bmatrix}
\]

Put \(F\) and \(C\) into the program, the largest flow is 24 MWh, the corresponding minimum cost is 8740 Yuan, and the minimal cost matrix \(F_{\text{min}}\) is

\[ F_{\text{min}} = \begin{bmatrix}
0 & 15 & 9 & 0 & 0 & 0 \\
0 & 0 & 14 & 1 & 0 \\
0 & 0 & 0 & 0 & 9 & 0 \\
0 & 0 & 0 & 0 & 0 & 14 \\
0 & 0 & 0 & 0 & 0 & 10 \\
0 & 0 & 0 & 0 & 0 & 0
\end{bmatrix} \]

Minimum cost flow calculation is shown in Table 1 by the maximum flow[17], where \(C\) is the unit purchase cost, \(F\) is the purchase electricity, and \(Q\) is the electricity purchase cost.

<table>
<thead>
<tr>
<th>Step</th>
<th>Path</th>
<th>C(Yuan/MWh)</th>
<th>F(MWh)</th>
<th>Q(Yuan)</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>1→2→4→6</td>
<td>360</td>
<td>14</td>
<td>5040</td>
</tr>
<tr>
<td>2</td>
<td>1→2→5→6</td>
<td>370</td>
<td>1</td>
<td>370</td>
</tr>
<tr>
<td>3</td>
<td>1→3→5→6</td>
<td>370</td>
<td>9</td>
<td>3330</td>
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</table>

The distribution of the minimum cost flow can be divided into several steps to solve when the maximum flow passes through the network. Combining the steps together, the final result of the minimum cost flow distribution can be obtained (as shown in Figure 6 and Figure 7).

Assuming that the system is running in the same way, when the flow changes from minimum to maximum, the corresponding minimum costs will also increase (as shown in Table 2).
Assuming that the system is running in period $T$, the purchasing power and the corresponding minimal cost change with the same trend (as shown in Table 3 and Figure 8). Accumulated purchasing power will gradually increase with the increase of time, the same trend with the accumulated minimal power purchase cost (as shown in Figure 9). Then the optimal power purchase scheme can be obtained from the above curves, which can clearly reflect the power-purchasing path.

### Table 3 Each period flow distribution

<table>
<thead>
<tr>
<th>$T$</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>$F_1$</td>
<td>18</td>
<td>17</td>
<td>16</td>
<td>17</td>
<td>18</td>
<td>19</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>$Q_1$</td>
<td>6520</td>
<td>6150</td>
<td>5780</td>
<td>6150</td>
<td>6520</td>
<td>6890</td>
<td>7260</td>
<td>7630</td>
</tr>
<tr>
<td>$T_2$</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>14</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>$F_2$</td>
<td>22</td>
<td>23</td>
<td>22</td>
<td>20</td>
<td>18</td>
<td>19</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>$Q_2$</td>
<td>8000</td>
<td>8370</td>
<td>8000</td>
<td>7260</td>
<td>6520</td>
<td>6890</td>
<td>7260</td>
<td>7630</td>
</tr>
<tr>
<td>$T_3$</td>
<td>17</td>
<td>18</td>
<td>19</td>
<td>20</td>
<td>21</td>
<td>22</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>$F_3$</td>
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<td>23</td>
<td>24</td>
<td>22</td>
<td>22</td>
<td>21</td>
<td>22</td>
<td>20</td>
</tr>
<tr>
<td>$Q_3$</td>
<td>8000</td>
<td>8370</td>
<td>8740</td>
<td>8370</td>
<td>8000</td>
<td>7630</td>
<td>7260</td>
<td>6890</td>
</tr>
</tbody>
</table>

### Figure 8 Purchasing Power and Minimal Power Purchase Cost Curve

### Figure 9 Purchasing Power and Minimal Power Purchase Cost Accumulation Curve

When the system operation mode changes, by changing the network matrix we can quickly adapt to the new operation mode. Example analysis proves that the method is feasible and practical.

### 5 Conclusions

The minimal cost flow algorithm is used to determine the power purchase plan, which can reflect the system network topology making it easy to consider system constraints. The method is simple, rapid and clear in physical concept. When the operation mode changes, by

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### References


<table>
<thead>
<tr>
<th>Authors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Zhan’an Zhang</strong>, born in February, 1975, Harbin City, Heilongjiang Province, P.R. China</td>
<td><strong>Xingguo Cai</strong>, born in August 1945, Harbin City, Heilongjiang Province, P.R. China</td>
</tr>
<tr>
<td><strong>Current position, grades:</strong> doctoral candidate of Electrical Engineering, Harbin Institute of Technology.</td>
<td><strong>Current position, grades:</strong> professor, doctoral supervisor, Harbin Institute of Technology.</td>
</tr>
<tr>
<td><strong>University studies:</strong> Graduated from Northeast Dianli University in 2009, received a master’s degree in Electrical Engineering.</td>
<td><strong>University studies:</strong> Graduated from Harbin Institute of Technology in 1983, received a master’s degree in Electrical Engineering.</td>
</tr>
<tr>
<td><strong>Scientific interest:</strong> Power System and Its Economic Dispatch.</td>
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</tr>
<tr>
<td><strong>Publications:</strong> more than 10 papers published in various journals.</td>
<td><strong>Publications:</strong> Presided over the completion of national and provincial, more than 10 scientific research projects; more than 50 papers published in various journals.</td>
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