





ENERGY AI

 **iDERMS**

#1 Platform Company in VPP

Energy Flexibility Platform

2024.10.31 (World Bank)

CEO of ENCORED Inc.

Dr. John 'Jong-Woong' Choe

COMPANY

Meet our great team

Smart may have brains, but stupid has the balls. Be stupid - ENCORED's team



Dr.
Jong-Woong "John" Choe

Technical Tracks

Smart meter & AMI,
Korean national EMS,
KEPCO realtime power
system simulator



85 members

Different DNA

We are a group of *Energy experts, Data scientists, Meteorologist, Designers, and Computer scientists.*

ENCORED CEO & Founder



Chair-professor of TUK



Former President of LSIS



IEC-ACTAD International Expert



Member of National Energy
Committee of Korea



National energy committee member

USA : 4 

Korea : 47 

Japan (J/V) : 34 

Offices



ENCORED, INC

Founded in 2013 in Palo Alto
(cooperate registration : Delaware)

ENCORED Technologies

Established a foreign-funded
company in 2013

ENCORED Japan

Established J/V with SoftBank in 2017

ENCORED P&P

Established a foreign-funded
company in 2020



ENCORED
(Palo Alto, USA)
Holding Company



ENCORED Japan
(Tokyo, Japan)
JV with SoftBank



ENCORED Technologies
(Seoul, Korea)
Global R&D, Energy AI Platform

OPPORTUNITY

Energy Transition

Evolution of grid and energy markets

Centralized generation

- Bulky • Fossil-fuel generation : long-term planning
- Transmission-based : long-distance, meshed, interconnection (country, state)
- Centralized control : grid integration
- Monopolized : Asset investment by utility
- Players : utility-governance
- Market : long-term contract, day-ahead bidding
- 1 : 1 network : one-way power flow



Distributed generation

- DERs Penetration to grid : short-term planning
- Coupling with T & D : long & short-distance, interconnection(region)
- Distributed control, Power electronics-interfaced
- Dismantling of monopoly : grid integration & defection
- Players : new participation such as aggregators
- Market : day-ahead, intraday, real-time bidding
- 1 : 1 network : Limited 2-ways power flow

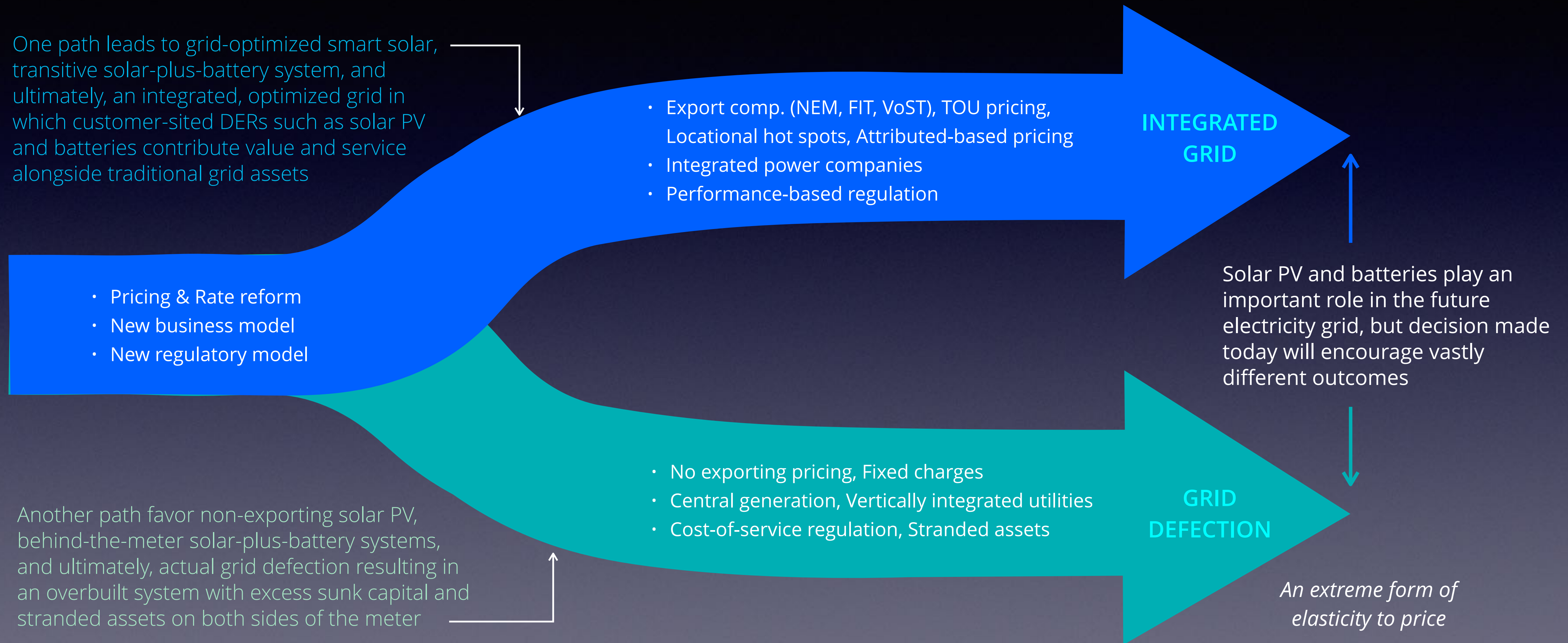


Energy cloud

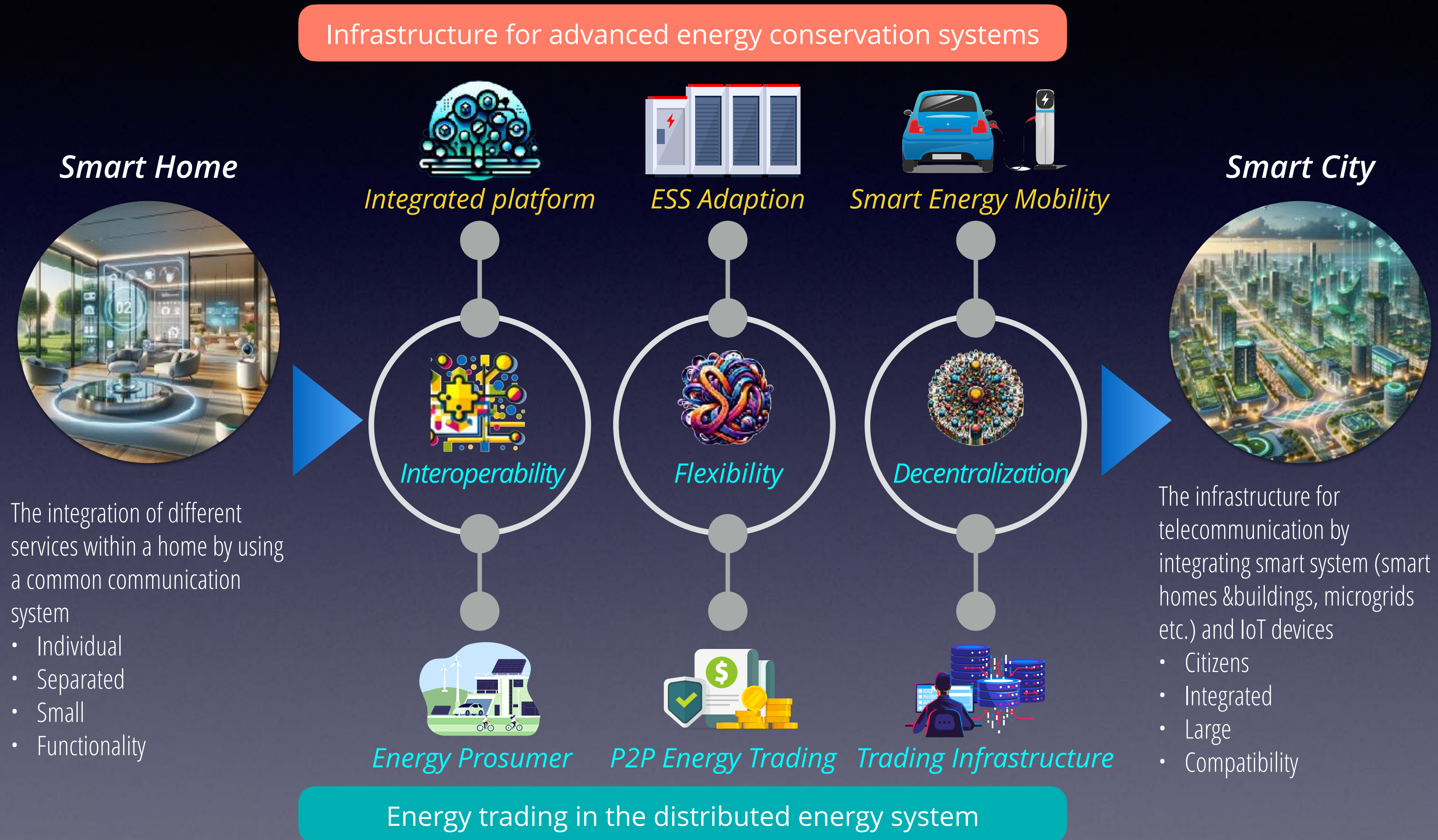
- Small DERs-based generation : MG etc
- Distribution-based : local supply, radial, non-wires alternatives
- Coupling with centralized & distributed control
- Dismantling of monopoly : grid defection, privatization
- Players : TSO, DSO, aggregator, retailers
- Market : day-ahead, intraday, real-time bidding
- n : n network : fully 2-ways power flow



Grid-defection or Integrated grid



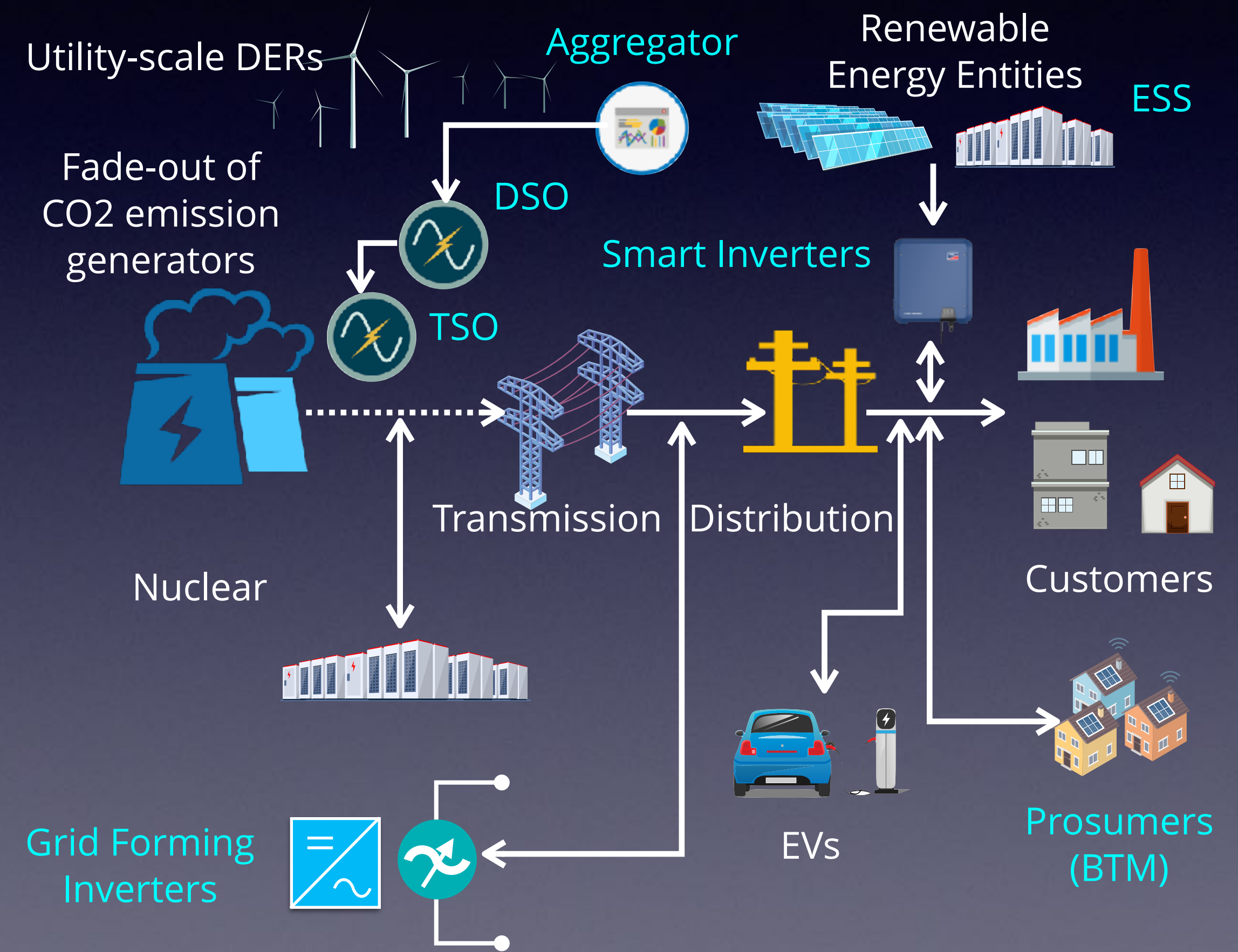
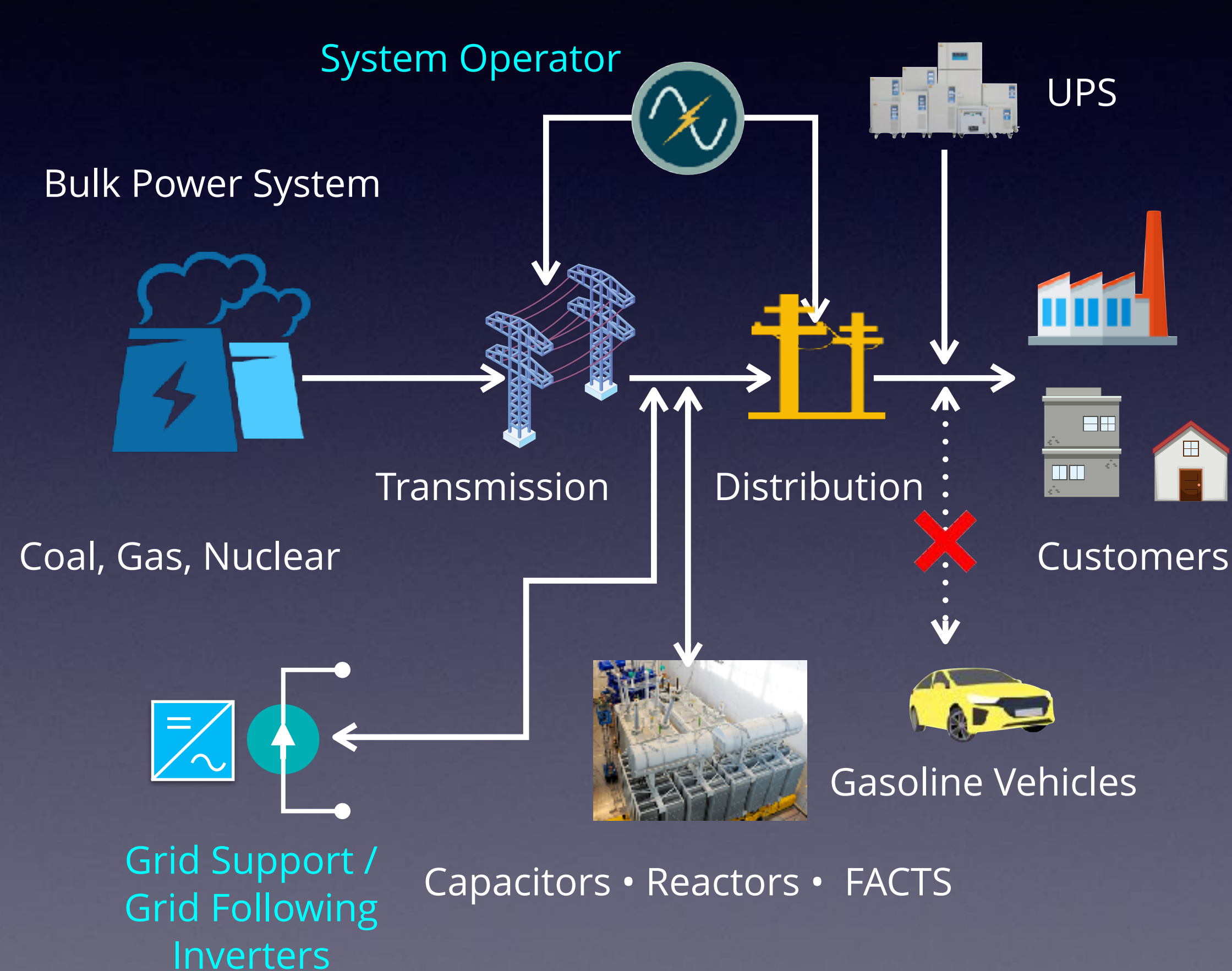
Connectivity • Aggregation • Integration



New Players

Rigid : Long-term plan, 24/7 running for economics

Flexible : Short-term plan, On-Demand dispatch



Security of Electricity Supply

Three building blocks for security of electricity supply

Security of Fuel

Availability of gas/coal/nuclear/hydro to generate electricity



Security of System Operations

Avoiding blackouts, Reliability & Resilience



Resource Adequacy

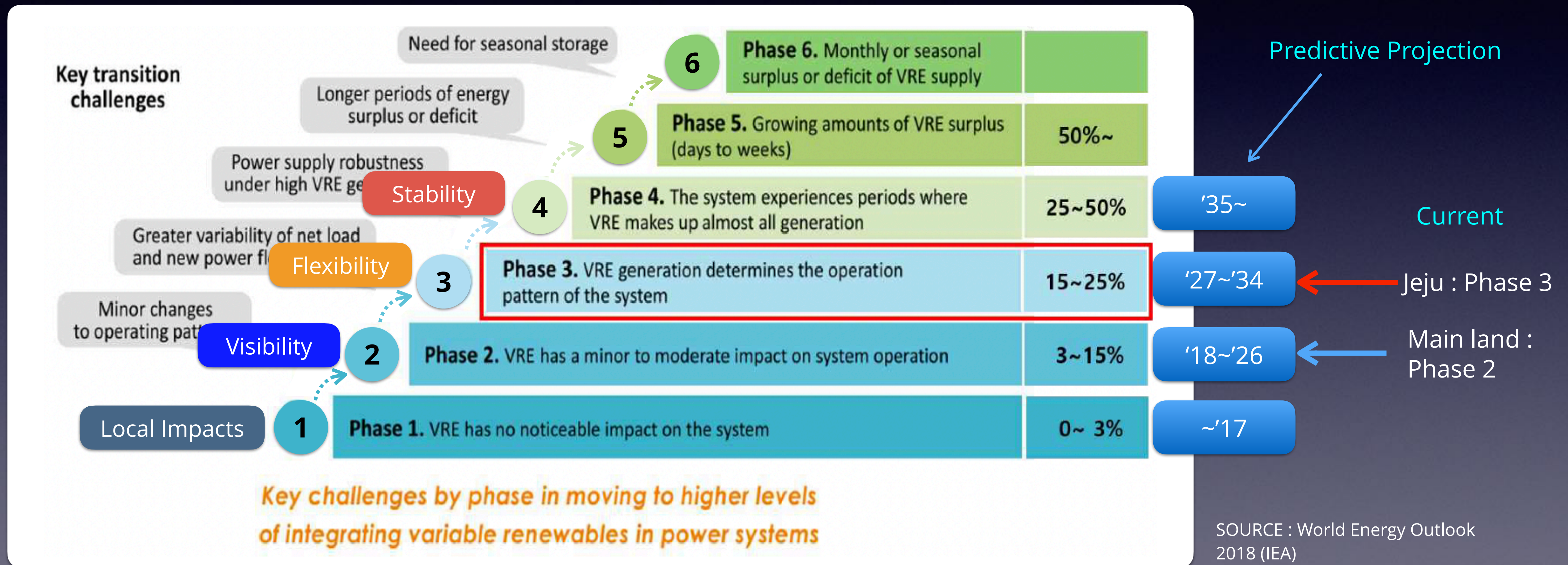
Avoiding load curtailment in case of capacity shortage



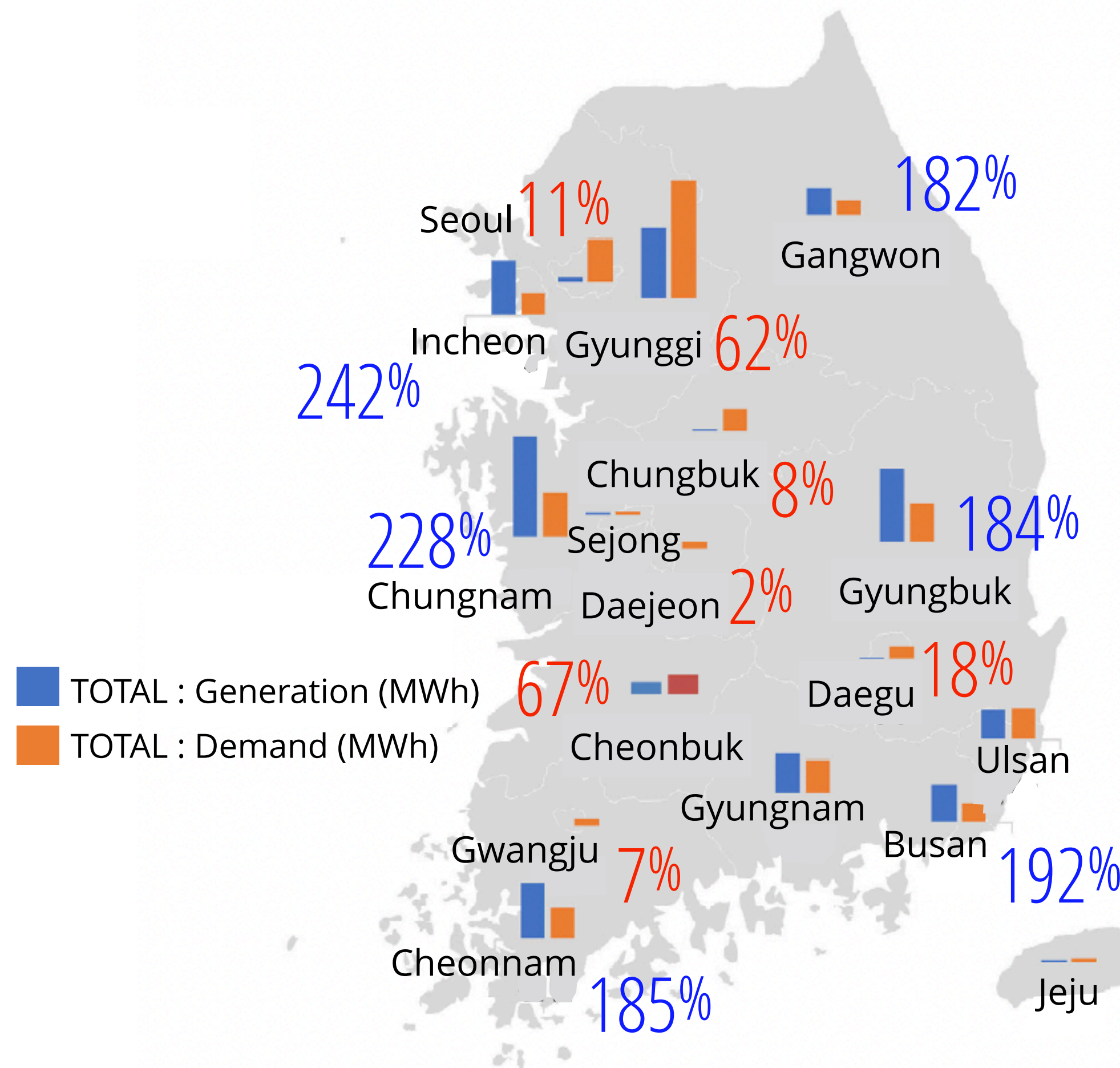
PROBLEMS

Impacts and Challenges by RE penetration

IEA divides the supply stages based on the annual share of renewable energy generation, and presents the impact of renewable energy on the power system and challenges for the next step.



Imbalance of Local Electricity (2021)



Self-sufficiency Rate of Local Government

| | |
|--------------|---------------------|
| Seoul | 11% |
| Busan | 192% (Nuclear) |
| Daegu | 18% |
| Incheon | 243% (LNG, Coal) |
| Gwangju | 7% |
| Daejeon | 2% |
| Ulsan | 94% |
| Sejong | 88% |
| Gyeonggi-do | 62% |
| Gangwon-do | 182%(Nuclear, Coal) |
| Chungbuk-do | 8% |
| Chungnam-do | 228% (Coal) |
| Cheonbuk-do | 67% |
| Cheonnam-do | 185% (Nuclear, RE) |
| Gyeongbuk-do | 184% (Nuclear) |
| Gyeongnam-do | 123% (Coal) |
| Jeju | 70% |

Regional power imbalance is ...

- Causes problems with transmission network expansion for long-distance transmission to other regions (curtailment in surplus areas, supply instability in specific areas)
 - Contradictory purpose of Distributed energy
- Congestion of Power Flow
- Losses in grid (resistance, heat)
- Problems with power generation plan for carbon neutrality
- Fossil fuel use may increase to resolve power imbalance.
- Potential for disputes if regional variable rate system is implemented in the future :
 - Social inequality, energy-vulnerable areas
 - Greater negative impact on low-income groups

Regionally Concentration of Renewables

- Increasing Regional Unbalance regionally & Voltage instability
 - Currently, solar and wind power are concentrated in the southern region(64%) (May 2022), and the concentration in the southern region is expected to deepen (70%) by 2030.

< Status of solar & wind power by region (end of May 2022) >

| Items | Nation-wide | Metropol itan | Gangwon | Chungche ong | East-South | West-South | Jeju | Remarks |
|------------------------|-------------|---------------|---------|--------------|------------|------------|------|---------------|
| Facility Capacity (GW) | 21.6 | 1.4 | 2.0 | 3.7 | 4.9 | 8.8 | 0.8 | Excluding BTM |
| Ratio (%) | 100 | 6.7 | 7.6 | 18.4 | 22.3 | 42.1 | 2.8 | |

< Forecast for solar & wind power by region (projected for 2030) >

| Items | Nation-wide | Metropol itan | Gangwon | Chungche ong | East-South | West-South | Jeju | Remarks |
|------------------------|-------------|---------------|---------|--------------|------------|------------|------|---------------|
| Facility Capacity (GW) | 64.2 | 1.5 | 6.8 | 7.4 | 17.7 | 27.0 | 3.8 | Excluding BTM |
| Ratio (%) | 100 | 2.4 | 10.6 | 11.6 | 27.6 | 42.0 | 5.8 | |

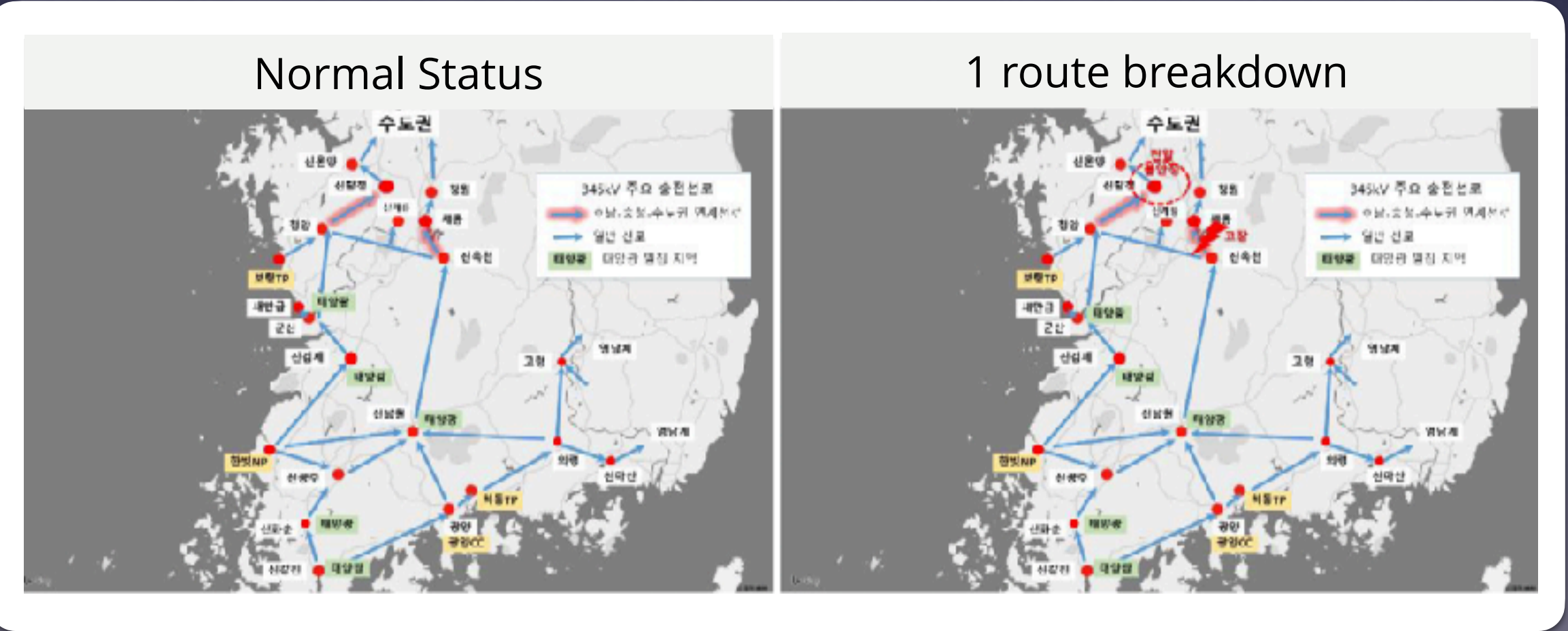
* 2030 is projected to reflect the volume of power generation business permits and T&D contracts in the current supply facilities.

- Among the 345 kV inter-regional and 154 kV transmission lines in the southern region • Voltage instability occurs when the system fails due to overload.

- The 345 kV line between Honam-Chungcheong-metropolitan area, which supplies Honam power generation to the metropolitan area, has two routes (*1), and if one route fails, there is a possibility of a regional power outage due to voltage instability.

(*1) 345 kV Shinokcheon-Sejong 2 line (3,977 MW),
345 kV Cheongyang-Sintangjeong 2 line (4,028 MW)

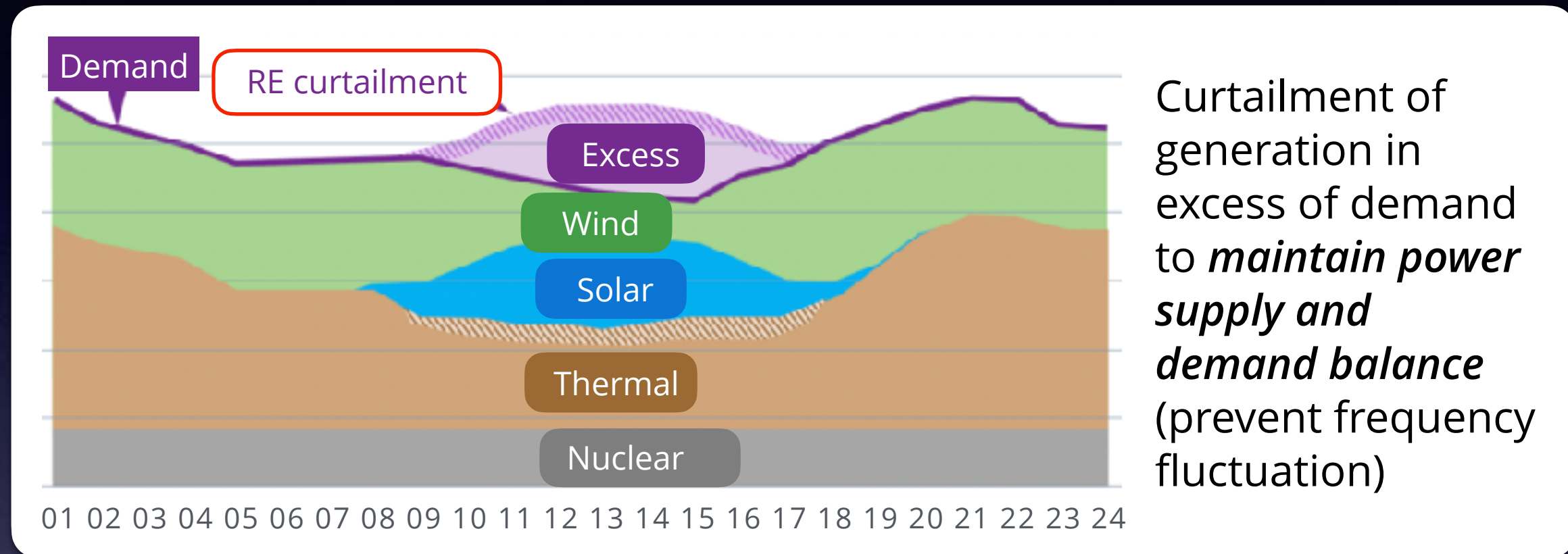
< Impact on Chungcheong area during normal & breakdowns >



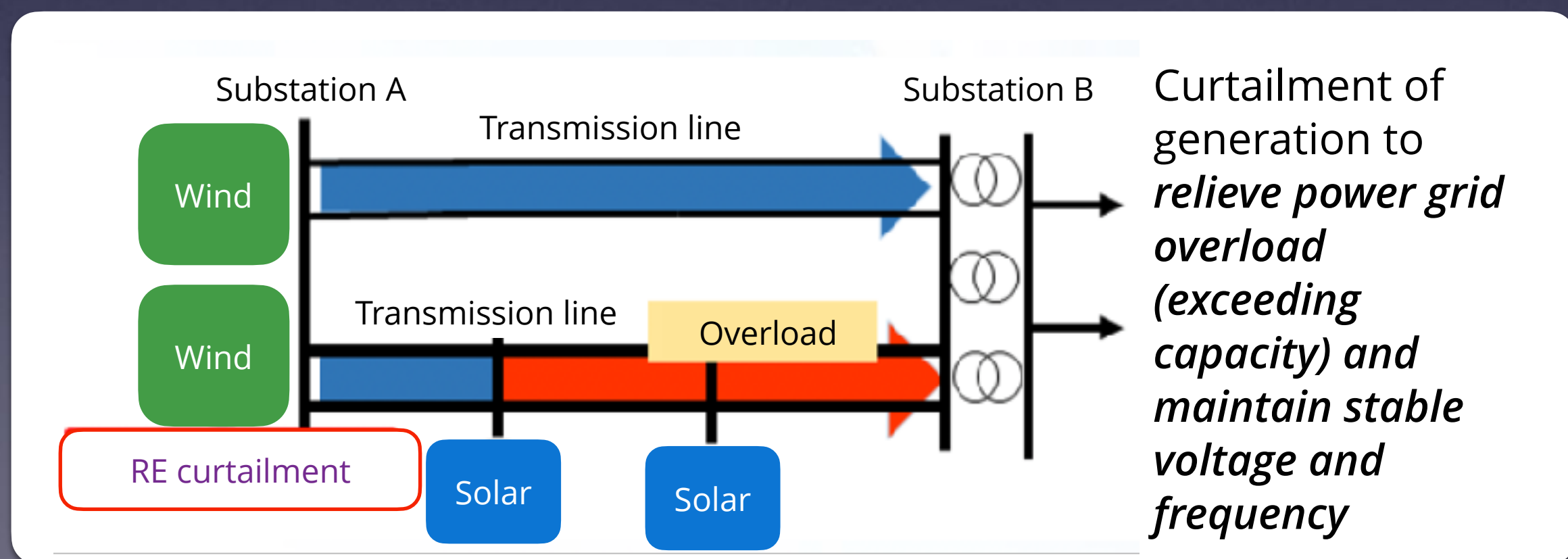
Curtailment

- Causes and status of curtailment

< Supply Surplus (Excess) >



< Transmission Constraints >



- Curtailments in Jeju

- Spring and fall are periods when electricity demand is low and renewable energy generation capacity is high. Curtailments are in effect due to oversupply(surplus).

* 2015 : Solar energy 0 times out of 3 times

* 2021 : 1 time solar power out of 64 times

* 2022 : Solar energy 22 times out of 60 times (Solar power curtailments are rapidly increasing)

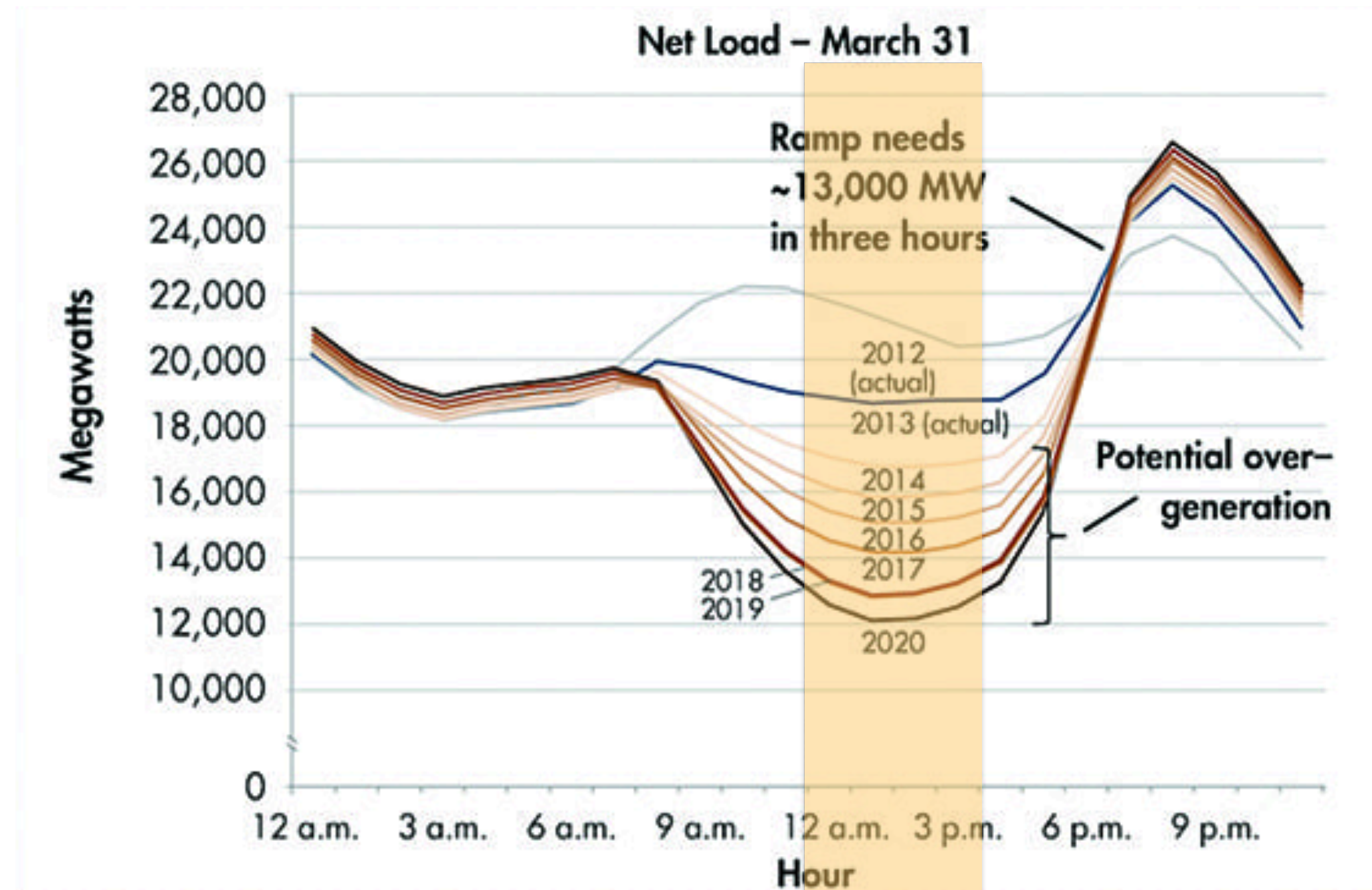
- In particular, curtailments are worsening due to the lack of grid connection performance (Fault Ride Through) of inverter-based renewable energy.

* Curtailment is increased due to the suspension of back-transfer (after April 2022) due to concerns about wide-area outages due to the additional suspension of renewables

< Jeju renewables FRT performance unsecured status (unit : MW) >

| Items | Wind | Solar | Total |
|-----------------|------|-------|-------|
| End of May 2022 | 75 | 341 | 416 |

Duck Curve & Load Following

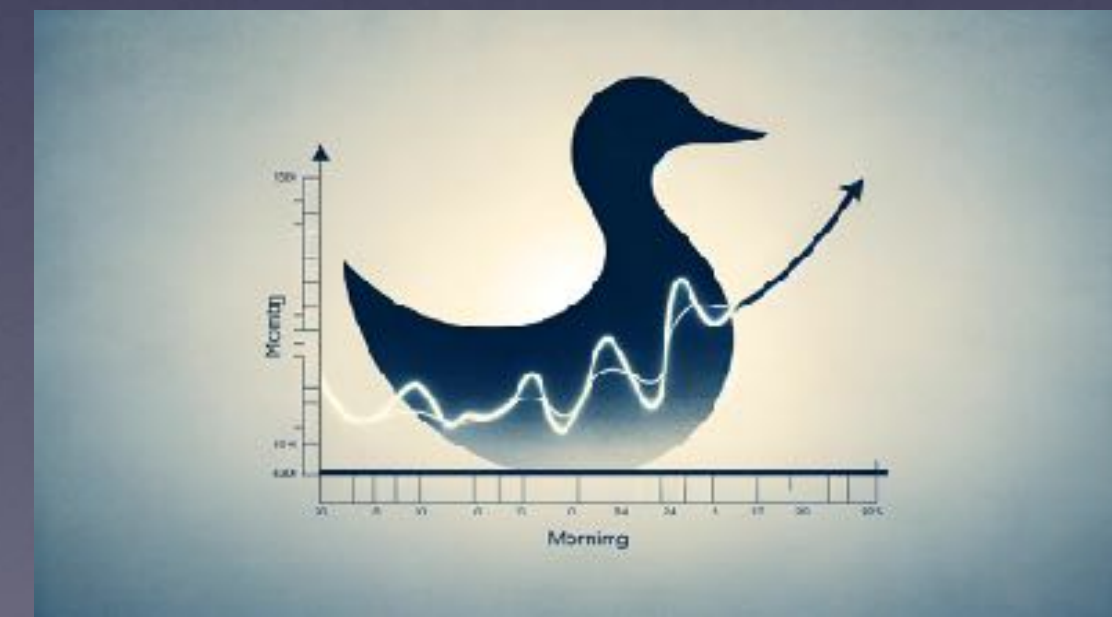


California duck curve

Backfeed occurring at this time

What's wrong with a duck ?

- Steep tall ramps
Forced to take a bunch of power plants offline/inline, rapidly
- Over-generation and curtailment
“Backfeed” into grid, which can mess with voltage and stability.
- A generator must have load following capability, which is the process of adjusting output in real time to changes in power demand. However, conventional large-scale generators with poor load-following speed and responsiveness are not economical.



Many world should be done to flatten the duck

Risks of an Interdependency

Risks of an interdependent society → the need for local resilience

Climate disaster, COVID, etc.



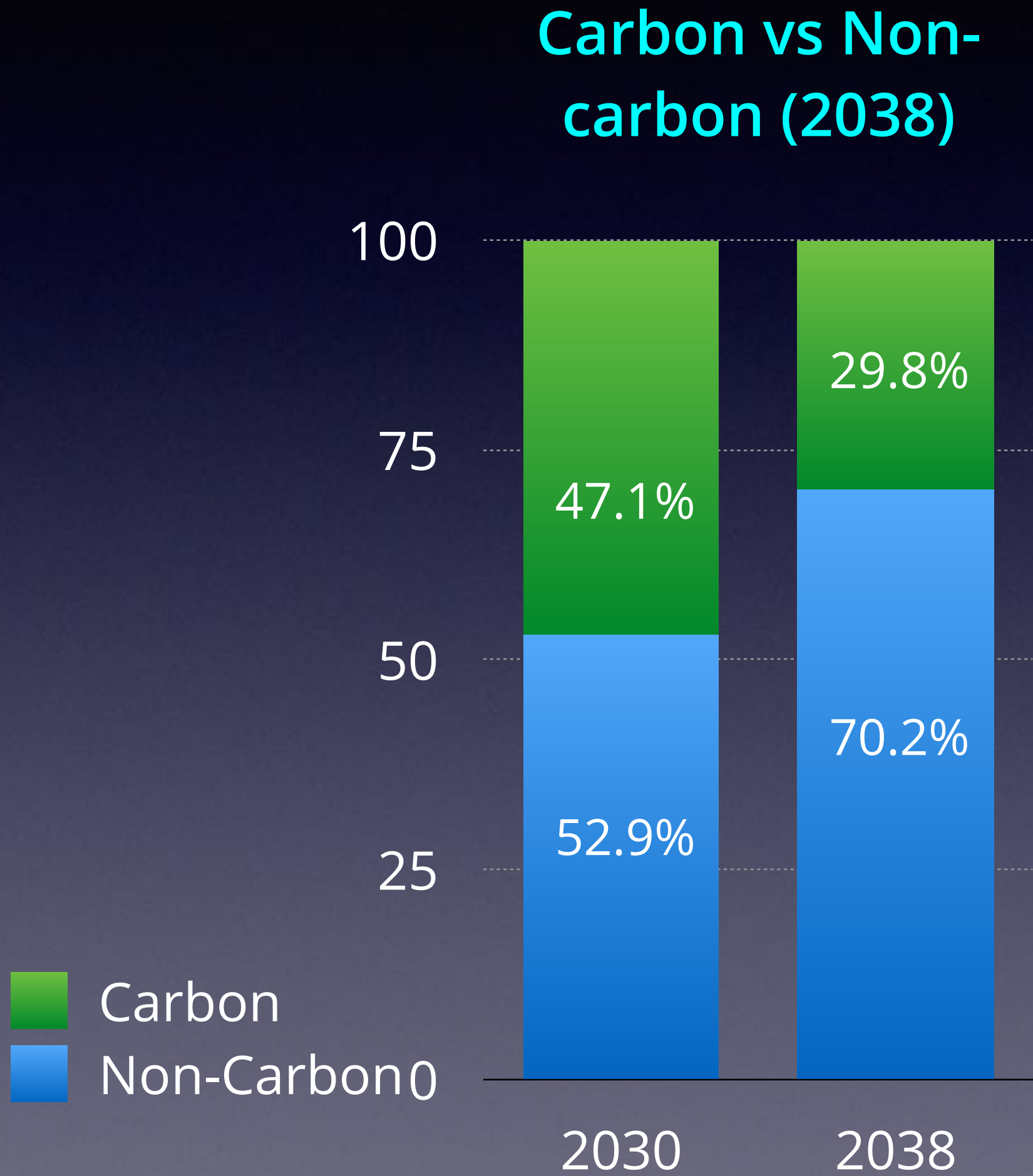
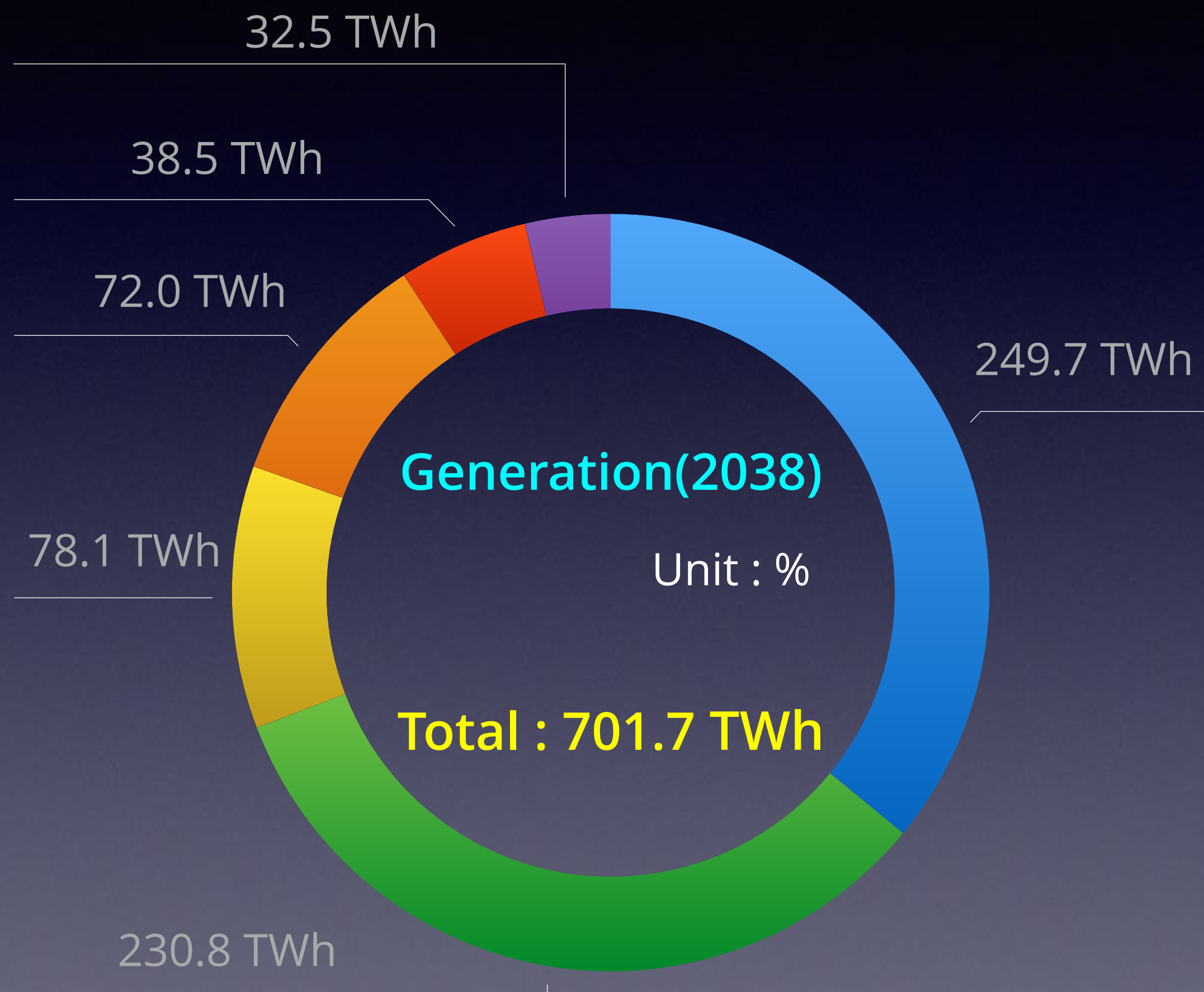
Wildfire caused by grid !



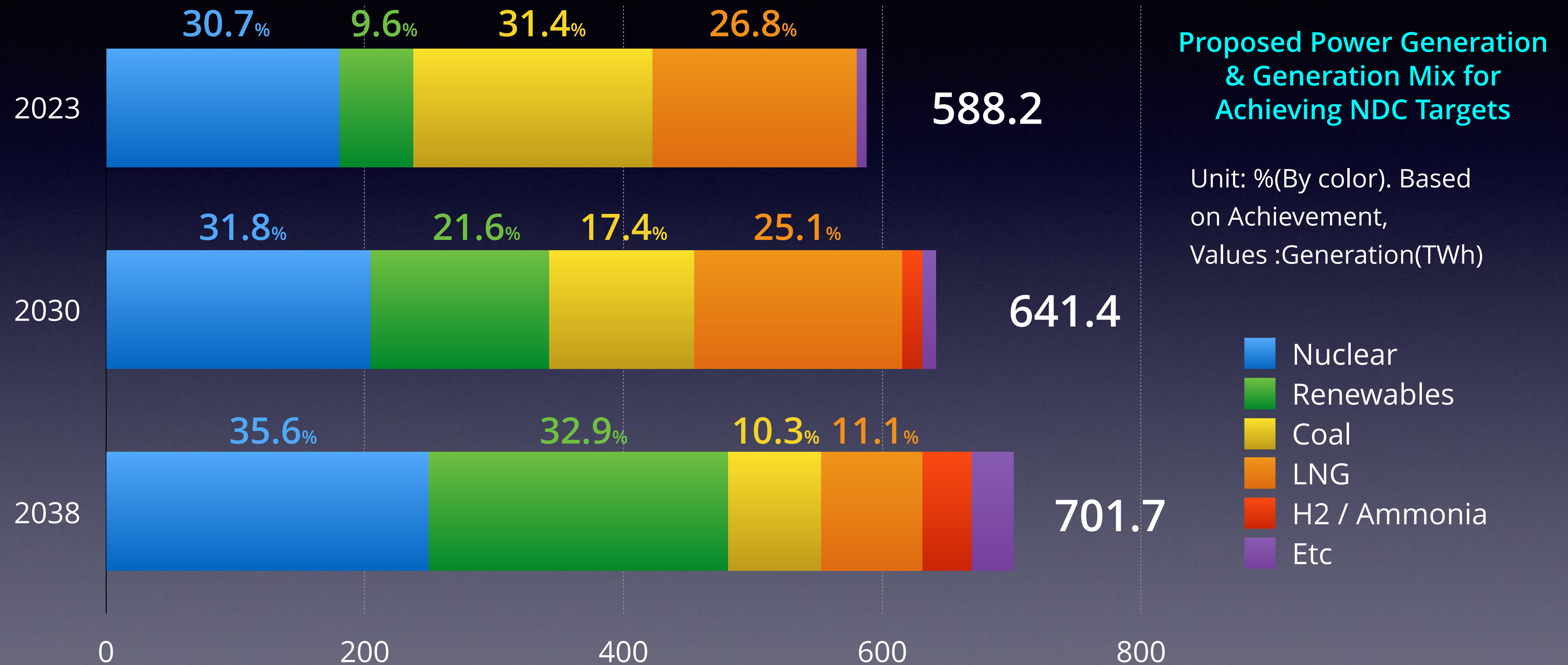
Fire in Gangneung (2022)

ENERGY MARKET CHANGES

11th Electricity Supply & Demand Plan



11th Electricity Supply & Demand Plan



From Centralized to Decentralized System

Korea has primarily built large-scale fossil fuel (500 MW) and nuclear (1 GW) power plants along coastal areas such as Chungnam, Gangwon, Gyeongbuk, Gyeongnam, and Jeollanam-do. The electricity generated from these plants is transmitted to concentrated demand areas via large transmission lines, resulting in a northward electricity flow to the Seoul metropolitan area. To address future demand, there is a need to shift to a decentralized energy system where production and consumption occur locally.

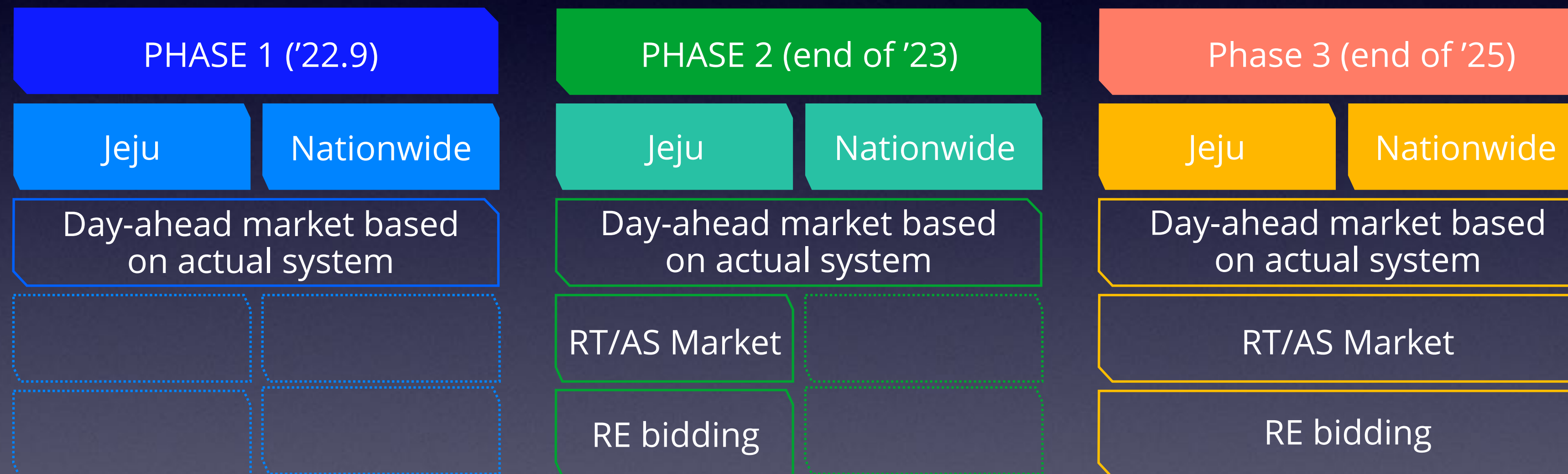
Comparison of Existing Energy Systems and Future Distributed Energy Systems

| | Existing Korean Energy system | Future Distributed Energy System |
|-----------------------|---|---|
| Basic Direction | • Centralized large-scale generation | • Decentralized power generation focusing on small-scale power plants |
| | • Power generated remotely and consumed in metropolitan areas | • Energy production and consumption within local areas by themselves |
| Infrastructure (Grid) | • National grid with radial design | • Area-wide microgrids |
| | • One-directional power flow (Generation → T&D → Consumer) | • Bi-directional grid system based on prosumer-type power platforms |
| Power Trading | • Efficiency-driven power market based on scale | • Self-consumption and demand-driven transactions |
| | • Difficulties in dispatch of variable renewable energy | • Strengthened management of renewable energy through mechanisms such as real-time markets |
| Governance | • Centralized government-governed energy system | • Cooperative system between central and local governments + active participation of residents • Clear Definition and Cooperation of roles between TSO and DSO |

Power Market Reform

- Spot electricity market reform schedule

- Phase 1 (September 2022) : Constraints-based day-ahead market (already completed)
- Phase 2 (October 2023) : Jeju pilot project (Real-time & reserve market + renewable bidding system)
- Phase 3 (October 2025) : Expand to nationwide (Real-time & reserve market + renewable bidding system)



👤 Day-ahead market based on actual system : Resolving the gap between real grid operation and the electricity market

👤 Real-time market + Reserve market : flexibility through market incentives

👤 Renewable energy bidding system : Inducing the conversion of renewable energy into base & emergency resource

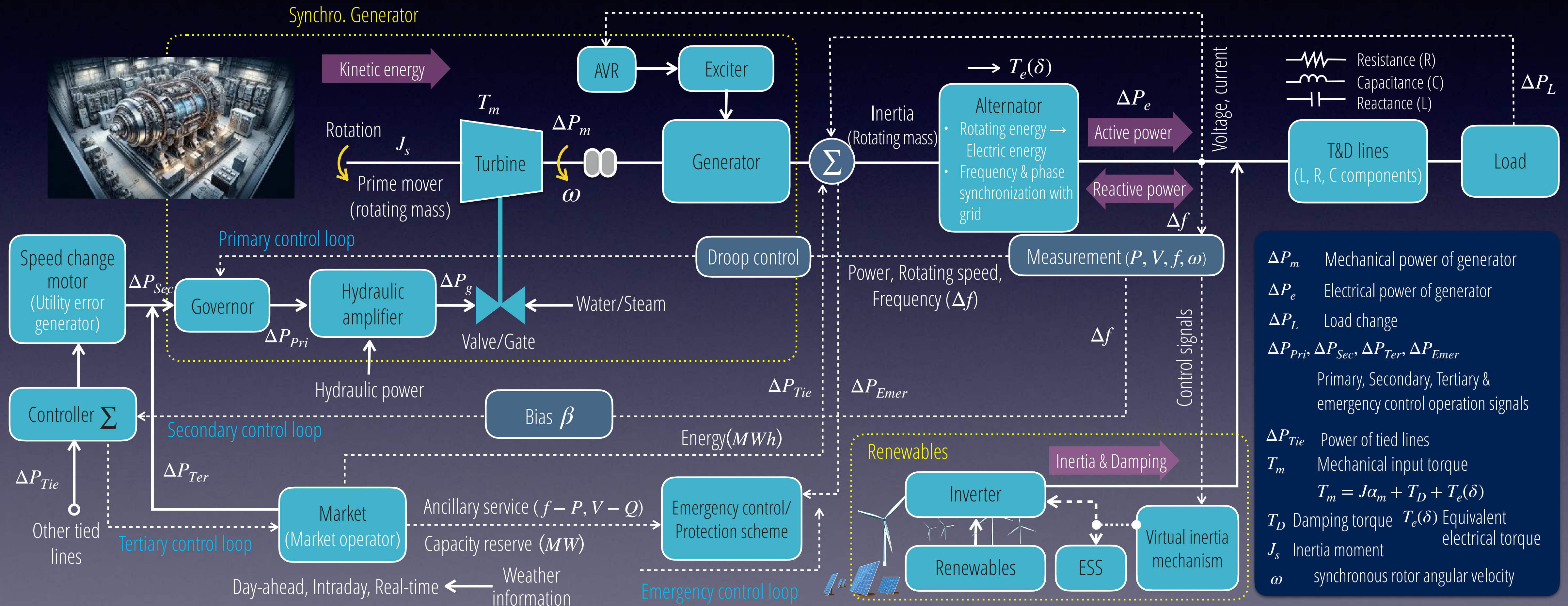
RT : Real-time
RE : renewables
AS : Ancillary services

SOLVING PROBLEMS

GRID SERVICES

From Generator to Load

Understanding how electricity is produced, how and why it is sold, and how traded resources are used.



New Operational Requirements

Short-term market must allow for greater adjustment in the hours before operation in order to function “efficiency and security.”

Controllability of distributed generation



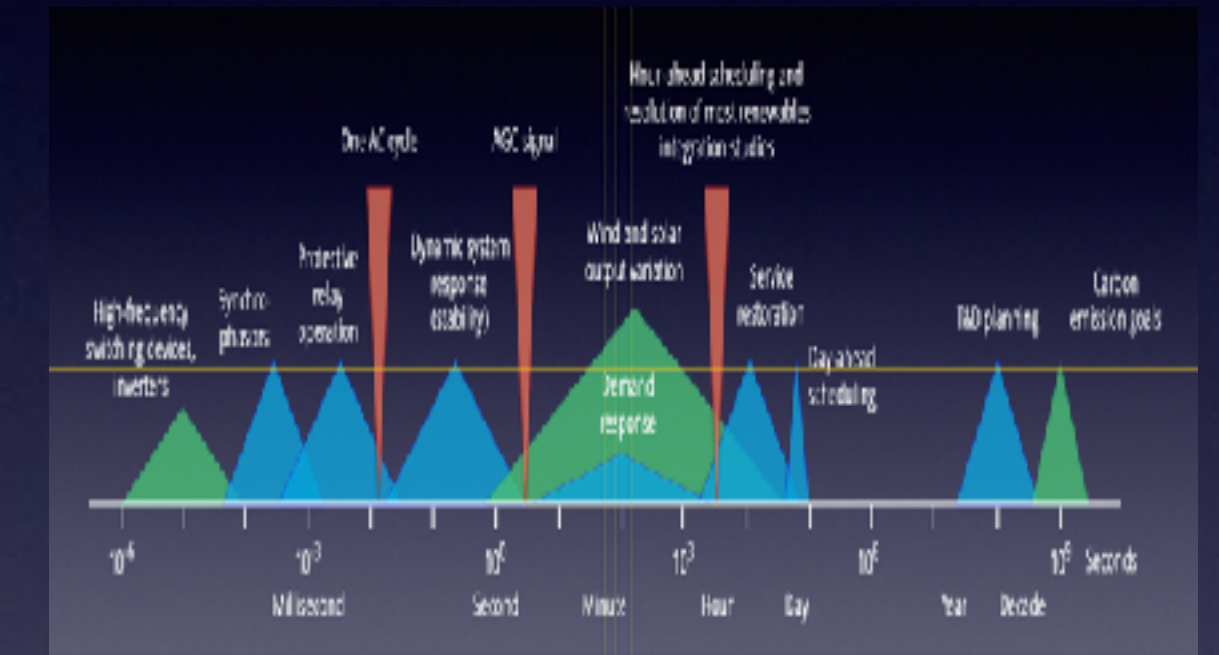
Availability of dispatchable generation : Firm Capacity



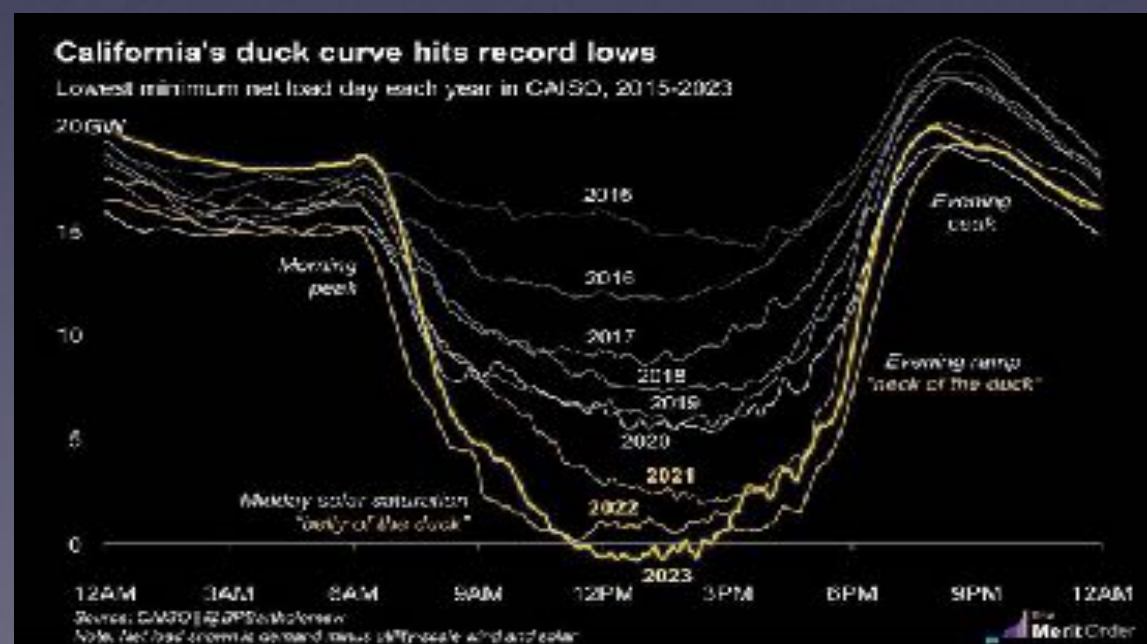
Over-generation : Curtailment



Short-term Adequacy



Fast Ramp-up Requirements



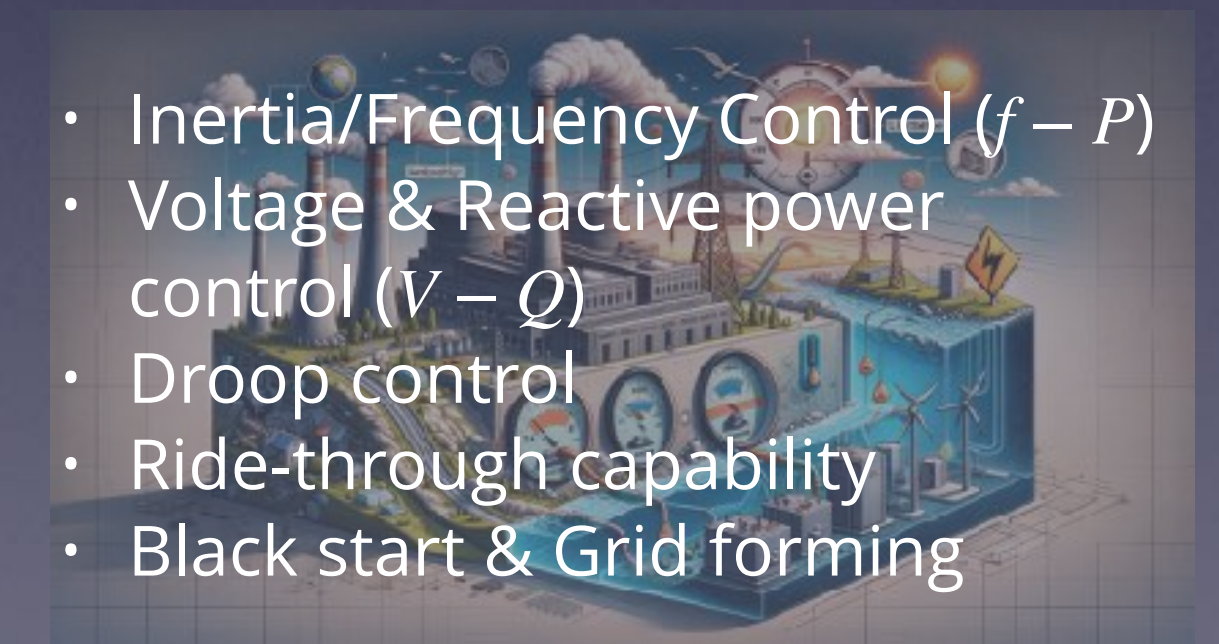
Network Congestion : TSO/DSO, interconnection



Predictability and Forecast errors : Reduction, Real-time



Other Technical challenges



- Inertia/Frequency Control ($f - P$)
- Voltage & Reactive power control ($V - Q$)
- Droop control
- Ride-through capability
- Black start & Grid forming

Grid control change by PE converter

Traditional Grid (AC)

Voltage • Phase Angle • Load is
Interdependent.



Power System with Power Electronics (DC)

Voltage • Phase (angle) • Inertia is controlled
independently, so the controllability and
stability are determined
by the size of the converter.

$$J_1 \frac{d\omega_{m1}}{dt} = T_{m1} - T_{e1} \quad J_2 \frac{d\omega_{m2}}{dt} = T_{m2} - T_{e2}$$

$$P_2 = \frac{E_1 E_2 \sin \theta}{X} \quad Q_2 = \frac{E_1 E_2 \cos \theta}{X} - \frac{E_2^2}{X} = P_2 \tan \delta \quad \delta = \arctan^{-1} \left(\frac{Q_2}{P_2} \right)$$

$$\theta = \arctan^{-1} \left(\frac{X \tan \delta}{E_2 + X \sin \delta} \right) = \arctan^{-1} \left(\frac{X \left(\frac{E_2 - E_1}{-X} \right) \cos \delta}{E_2 + X \left(\frac{E_2 - E_1}{-X} \right) \sin \delta} \right) = \arctan^{-1} \left(\frac{X \left(\frac{P_2^2 + Q_2^2}{E_2} \right) \cos \delta}{E_2 + X \left(\frac{P_2^2 + Q_2^2}{E_2} \right) \sin \delta} \right)$$

$$\frac{E_1 E_2 \cos \theta}{X} - \frac{E_2^2}{X} = \frac{E_1 E_2 \sin \theta}{X} \tan \delta = \frac{E_1 E_2 \sin \theta}{X} \cdot \frac{\sin \delta}{\cos \delta} \Rightarrow E_2 = E_1 \frac{\cos(\theta + \delta)}{\cos \delta}$$

$$P_2 = \frac{E_1 E_2 \sin \theta}{X} = \frac{E_1 \sin \theta}{X} \cdot \frac{E_1 \cos(\theta + \delta)}{\cos \delta} \Rightarrow P_2 = \frac{E_1^2 (\cos(2\theta + \delta) - \sin \delta)}{2X \cos \delta}$$

Power System Stability in AC System

$$Q = \frac{E_2^2 - E_1 E_2 \cos \theta}{X} + \frac{E_2^2}{X_c} - P_{HVDC} \tan \delta \quad \text{Current Source Converter HVDC}$$

$$Q = \frac{E_2^2 - E_1 E_2 \cos \theta}{X} + \frac{2}{3} P_{HVDC} \quad \text{Voltage Source Converter HVDC}$$

$$P = \frac{E_1 E_2 \sin \theta}{X} \quad Q = \frac{E_2^2 - E_1 E_2 \cos \theta}{X}$$

$$\frac{\partial P}{\partial \theta} = \frac{E_1 E_2 \cos \theta}{X} \quad \frac{\partial Q}{\partial V} = \frac{2E_2 - E_1 \cos \theta}{X}$$

$$\frac{\partial P}{\partial \theta} = E_1 E_2 \cos \theta \cdot SCR \quad \frac{\partial Q}{\partial V} = (2E_2 - E_1 \cos \theta) \cdot SCR$$

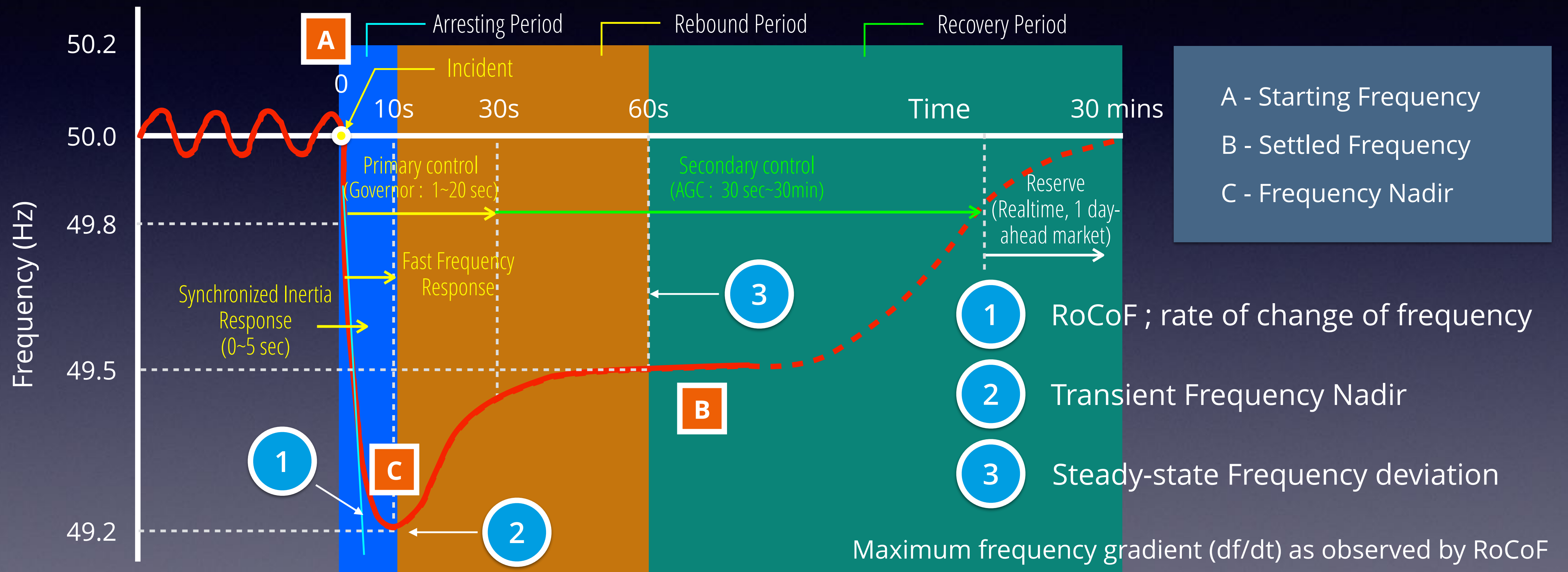
$$P_{Max} = SCR \cdot \left(1 + \frac{R}{|Z_s|}\right)$$

Active power → Theta(θ)
Reactive power → Voltage(E₂)
Max Power → SCR

VSC HVDC Power System Stability

Frequency Control Process

"To maintain three frequency indices"



Virtual Inertia Synthesis with ESS

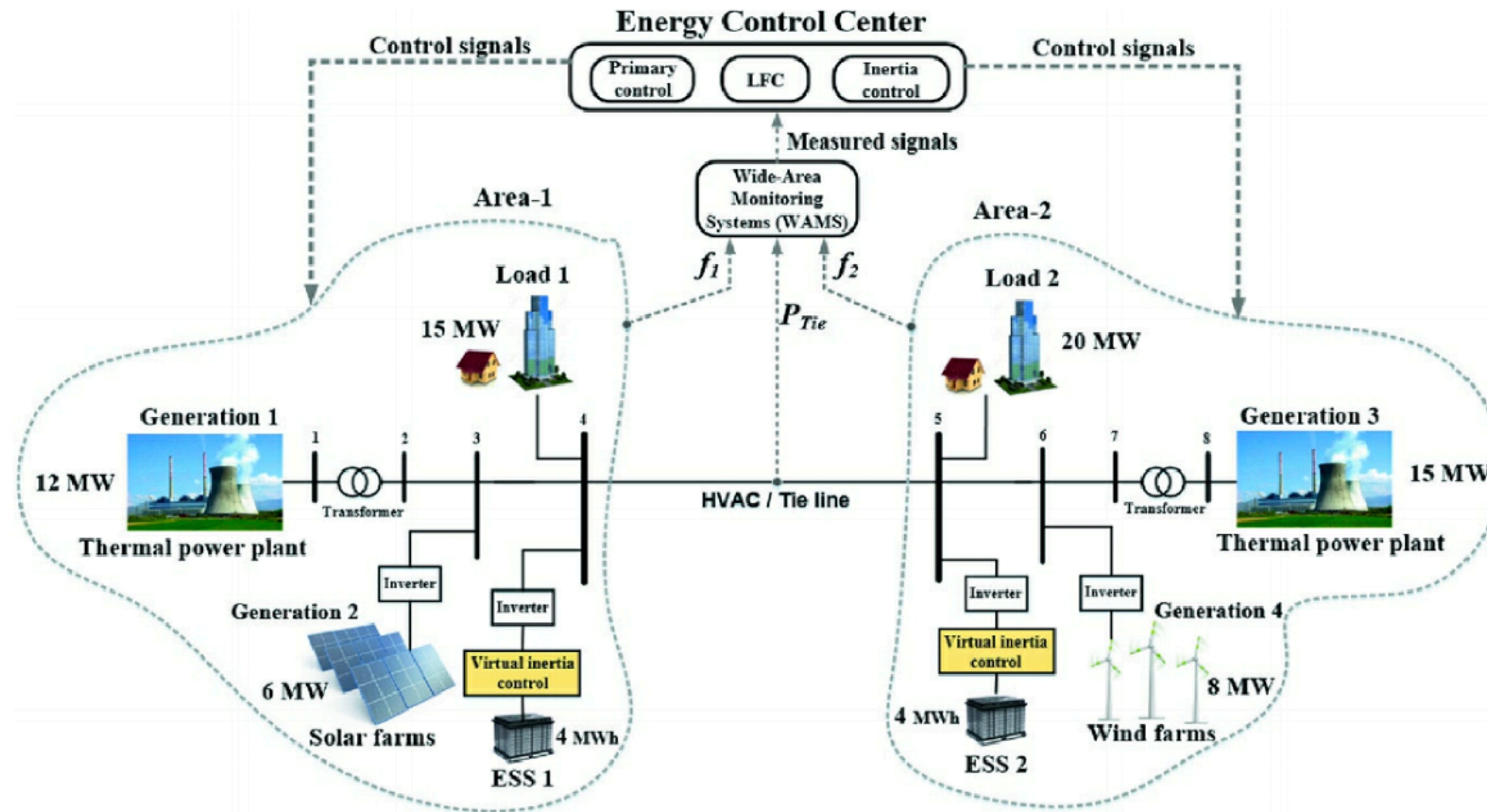
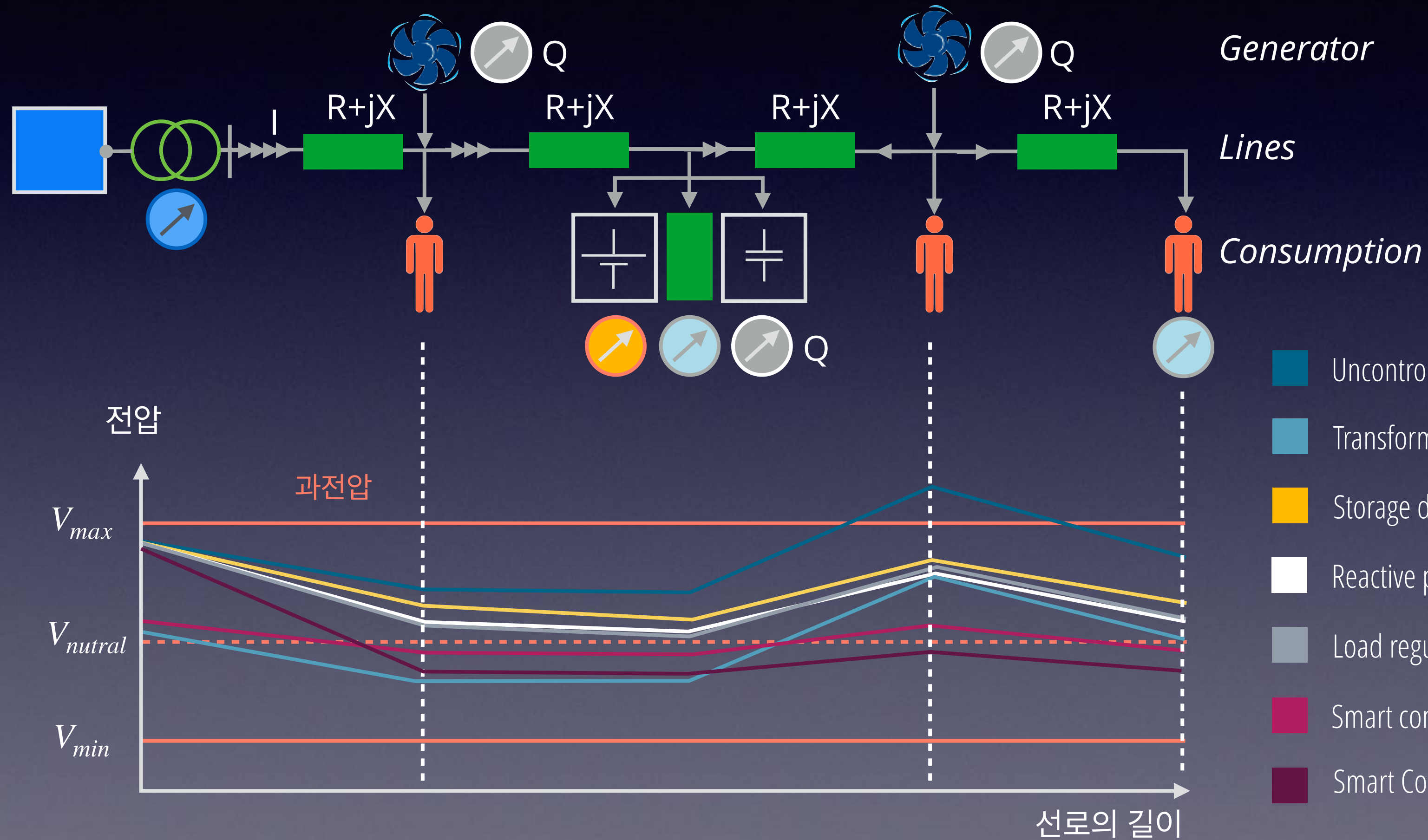


Fig. 4.1 Schematic structure of the interconnected system with virtual inertia control units

Voltage Control ($V - Q$)

Over-voltage, Low voltage

$Z = R + jX$
 Z : impedance,
 R : resistance
 X : reactance



Solutions for A Renewable-powered future

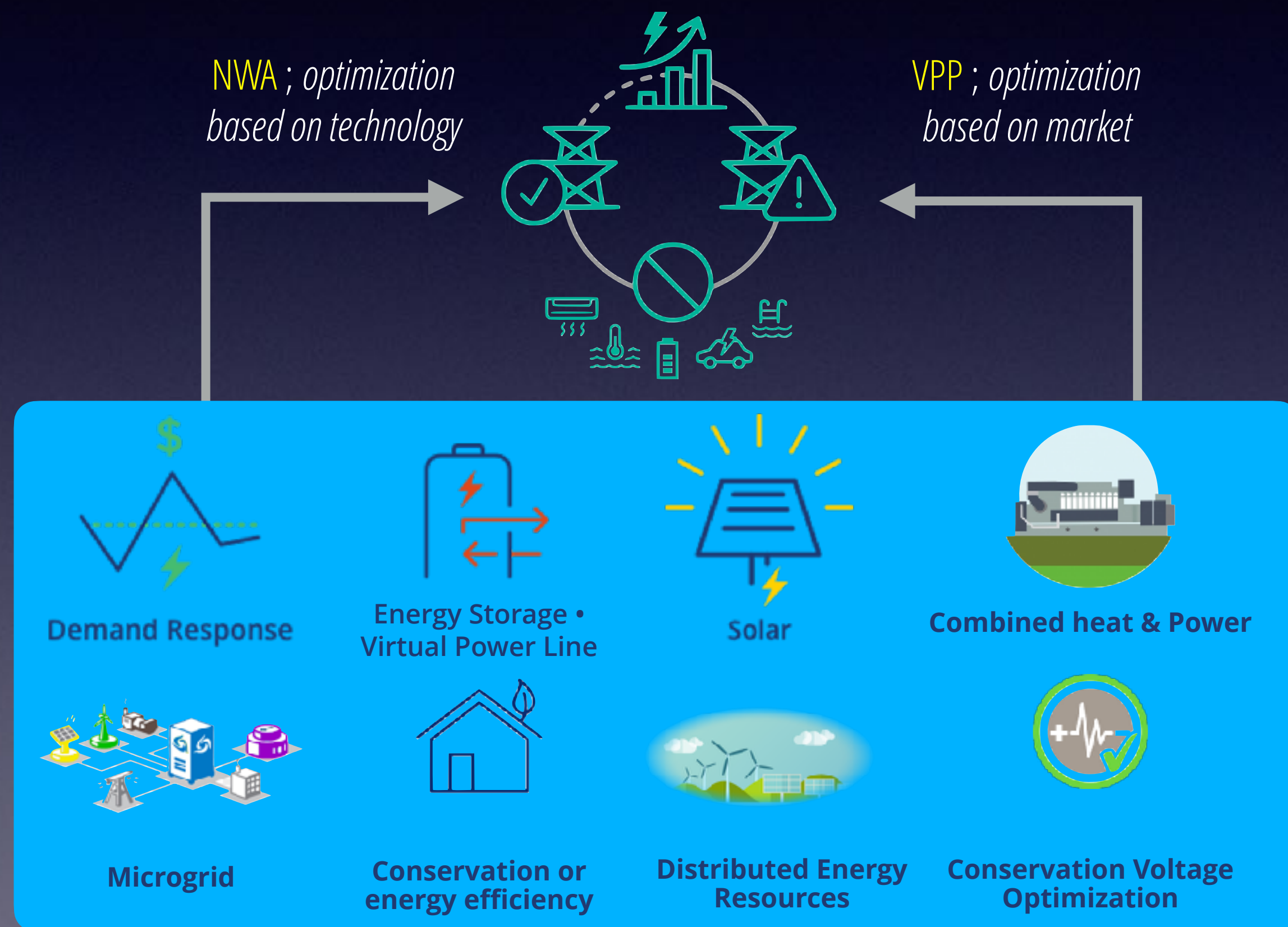
Flexibility solutions result from combining innovations across the power sector :
Smart, Virtual, Optimize

FLEXIBILITY SOLUTIONS : Controllable • Dispatchable + **RESILLIENCY SOLUTION**



Non-wires alternative grid

NWA is the inclusive term for any electrical grid investment that is intended to defer or remove the need for traditional equipment upgrades or construction, or wires investment to T&D systems.



- NWA(Non-wires alternative), sometimes referred to as NWS(Non-wires solution)
- These NWA investments are required to be **cost-effective** compared to the traditional wires investment and are required to meet the **specified electrical grid need**.
- The fundamental pillars of NWA : **Safety, Reliability, Customer experience, and Affordability**
- An NWA can include any **action, strategy, program, or technology** that meets this definition and these requirements.
- Some technologies and methodologies include **demand response, solar, energy storage, combined heat and power (CHP), microgrid, conservation or energy efficiency measure, conservation voltage optimization, and other distributed energy resources (DERs)**.
- NWA projects can include these investments **individually or in combination** to meet the specified need in a cost-effective manner.
- NWA provides the **grid reliability** that are comparable to those provided transmission lines and related equipment at a lower cost and with significantly more flexibility

MARKET DESIGN

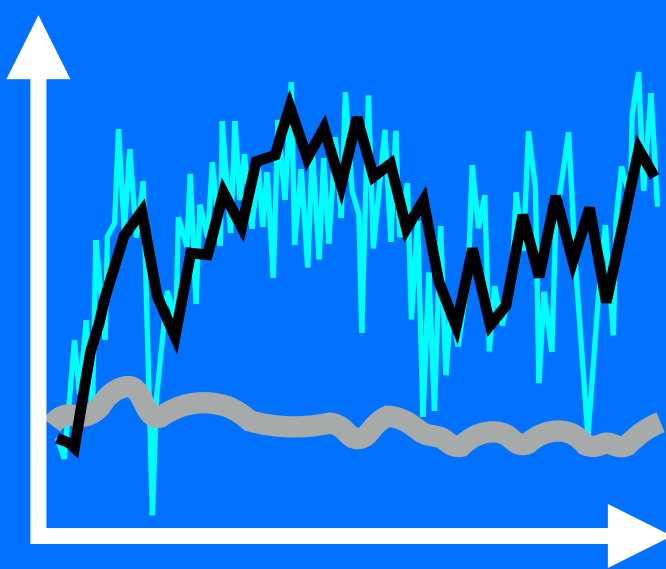
Renewable Energy into the Power Market



Visibility



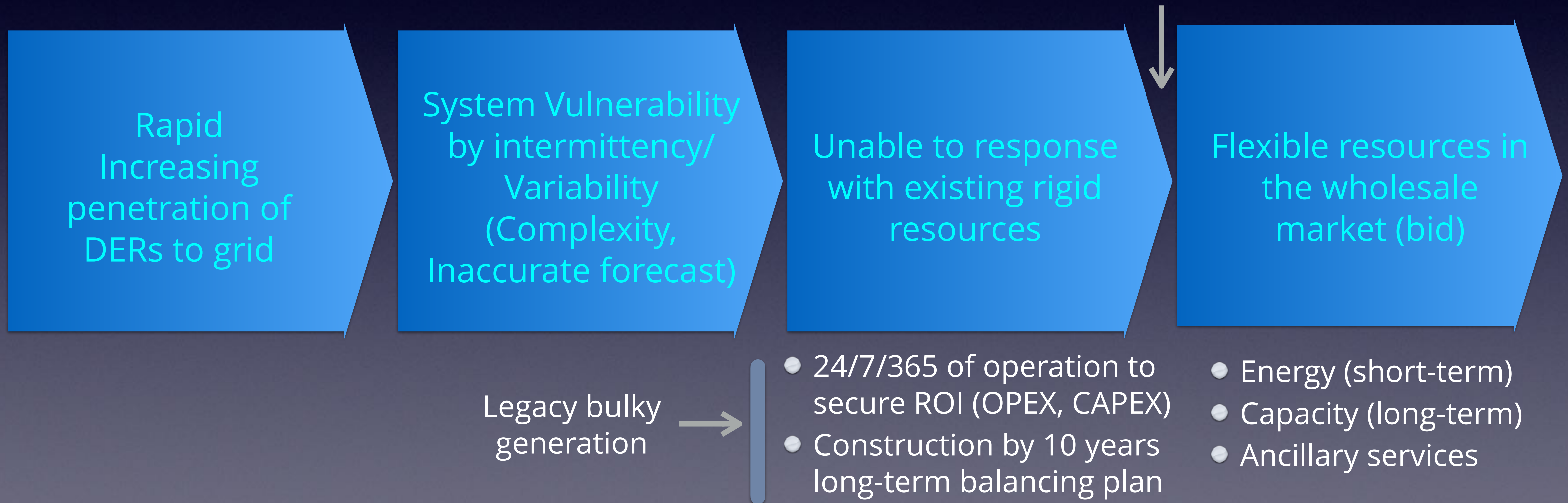
Responsibility



- Curtailment
- Realtime output adjustment
- Positive/Reverse Demand Response

Delivery of Flexibility

Need adequate resources that can respond to the system with real-time on-demand (controllable, dispatchable, balancing, ramp up/down))



Transactive Resources in Market

Entities can participate through market products and reliability services in day-ahead

Energy

- ✓ Physical supply and demand
- ✓ Virtual supply and demand

Financial

- ✓ Congestion Revenue Rights (CRR, FTR)
- ✓ Inter-SC trades

Reliability

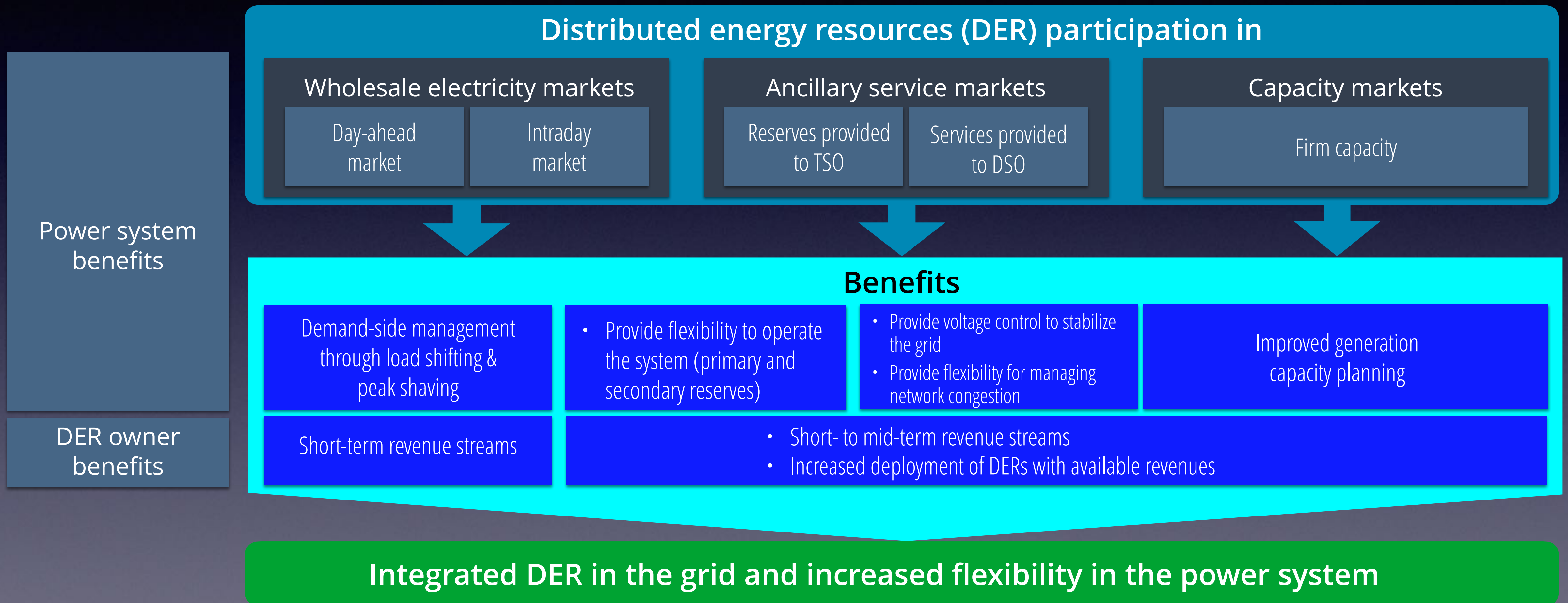
- ✓ Ancillary services : Instantaneous Contingency reserve
- ✓ Residual unit commitment

A full day's operations are covered by two markets :

Day-ahead market + Real-time market

Commodities in Power Market

Benefits of market integration of distributed energy resources



Changes in Market System

Background of Renewable energy bidding : To solve the problems caused by DER's penetration

- As the variable renewable energy increases, forecasting errors and volatility of supply are expanding.
- As the forecasting errors and volatility are expanding, the costs of the constrained non-generation are increasing.
- Through REC and prediction incentives, etc., finally we can solve them in the form of centralized & aggregated dispatch resources.

Participation in the electricity market of aggregated DERs

Non-centralized RE + ESS (2015 ~)

- Composition : Renewable energy + ESS
- Settlement : SMP + REC
- Participation restrictions : None
- REC weight by time

Predictive aggregated DERs (2021~2025)

- Composition : Renewable Energy + ESS
- Settlement : SMP + REC + Predicted Settlement
- Participation restriction : Over 20 MW of aggregated capacity
- Registration condition : passing prediction accuracy test (error less than 10%)

Dispatchable aggregated DERs (2023 ~)

- Composition : Renewable Energy + ESS
- Settlement
 - Energy (double-settlement)
 - Additional settlement
 - Ancillary service
 - Capacity
 - Imbalance penalty
 - REC
- Participation restriction : Over 1 MW of aggregated capacity
- Capability condition
 - Remote curtailment, urgent load shedding
 - Output upper limit adjustment, ramping control



Through gradual reform of the market system, the efficiency of the market is being improved. As a result, the constraints, requirements and settlement for market participation are becoming increasingly complex.

Korean Power Market Design

VISION

A sustainable power market that resolves power industry issues through market principles

● Promotion Strategy

- Establish a compensation structure that reflects contributions and responsibilities in the power market system
- Strengthen market competition from the construction stage to real-time operations.
- Minimize intervention by market authorities, except in exceptional circumstances.



Price Competition based on Flexibility

- Real-time and reserve markets
- Transition from central to distributed resources
- Price cap-based bidding (PBP)

Efficient Regional Distribution

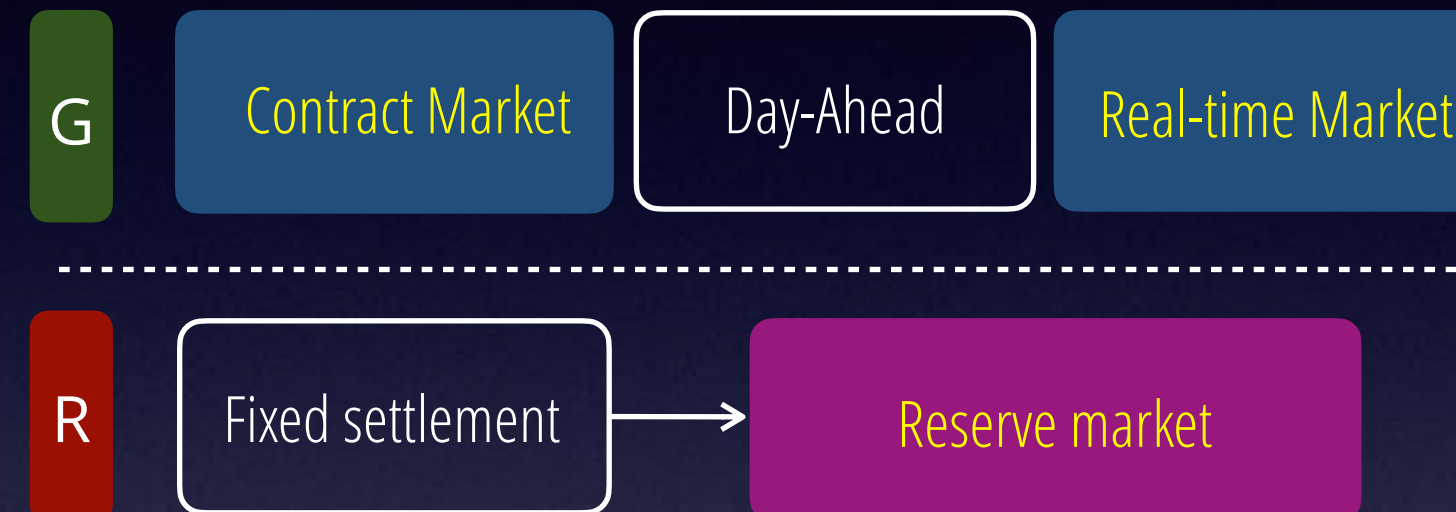
- Regional and Locational signals
- Activating distributed energy
- Strategic PPAs

Medium-Term Supply Stability

- Long-term contracts (VC, CfD)
- Capacity market
- Fostering and utilizing aggregated resources

Power Market Transition

Market



Dispatch



Specified



Bidding



Price



SOLUTIONS

Strategy of Portfolio

Aggregation(fleet) / DERMS

- DERs
 - Solar PV, Wind, Small Hydro
 - ESS, EVSE, Fuel cell(H₂)
- Flexible demand resources
 - C&I, Residential Demand Response



Microgrid / MG Controller

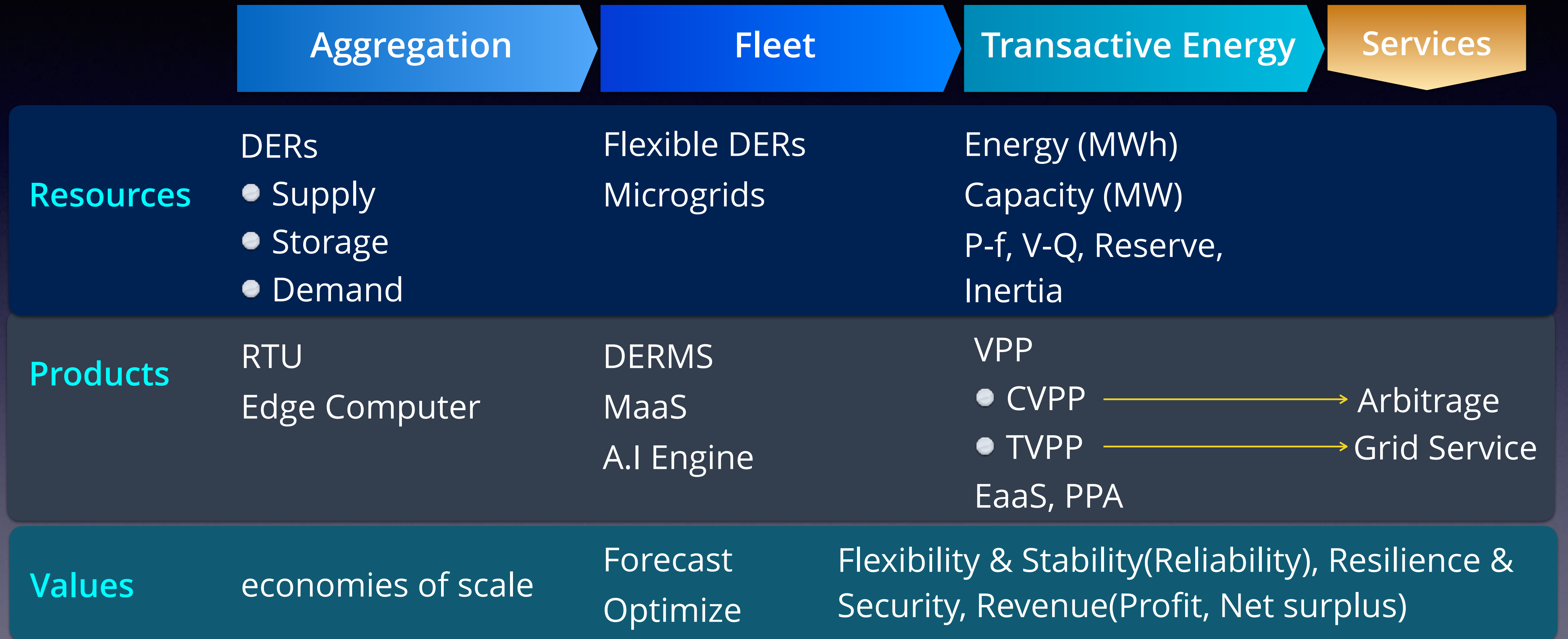
- MaaS (MG-as-a-service)
- Hybrid Microgrid
 - On-grid, Off-grid
 - Combination with ESS & Natural gas
- Community Microgrid
 - CCA programs



Transaction / VPP

- Transactive Energy
 - EaaS
- Commercial VPP
 - Arbitrage : Energy, Capacity
 - PPA
- Technical VPP
 - Grid Services
 - Ancillary Services
 - f, Q, Spinning, Inertia

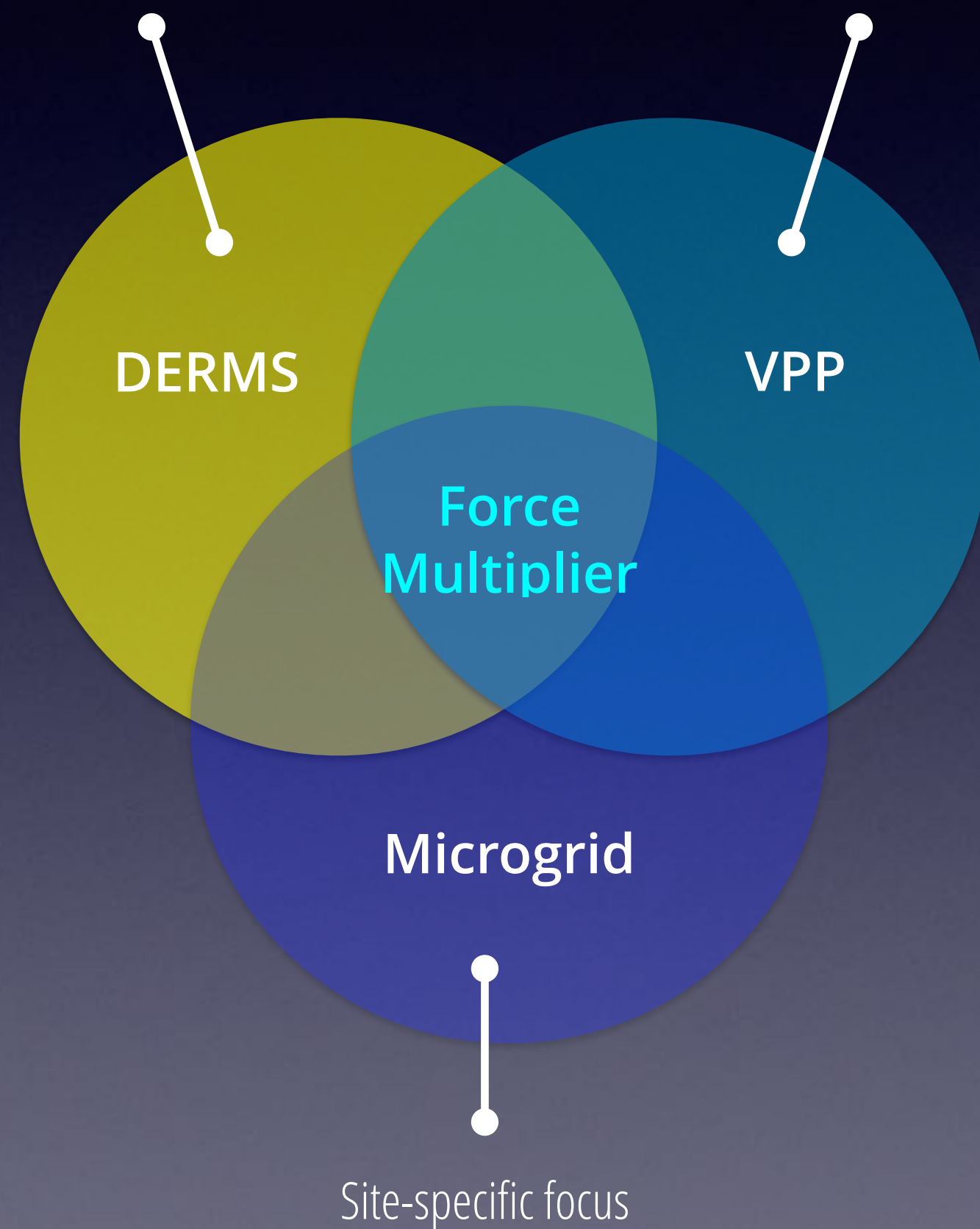
Value Stream



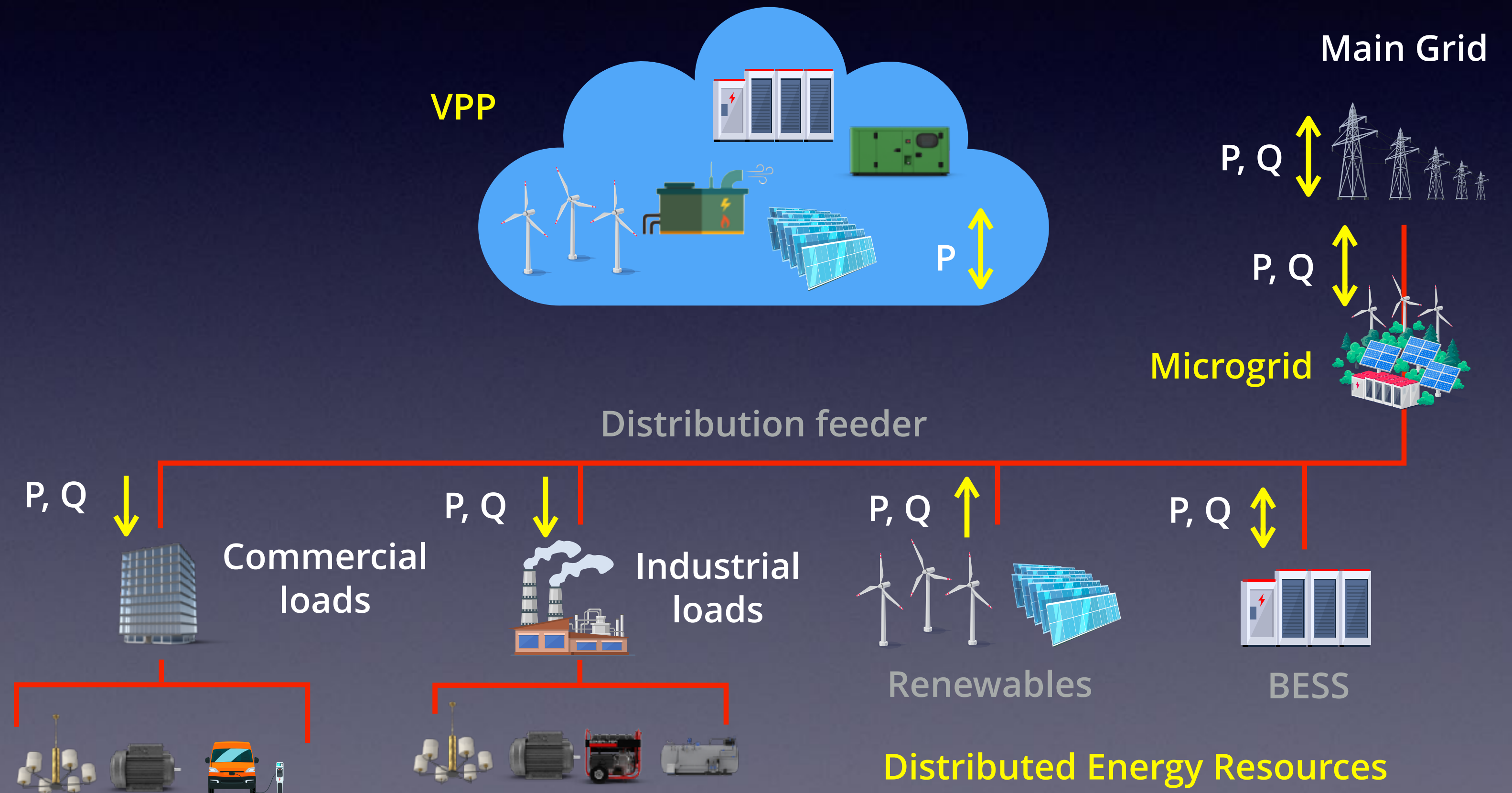
Convergence on Digital Platforms : TEM

Feeder-level benefits
Grid Operations focus

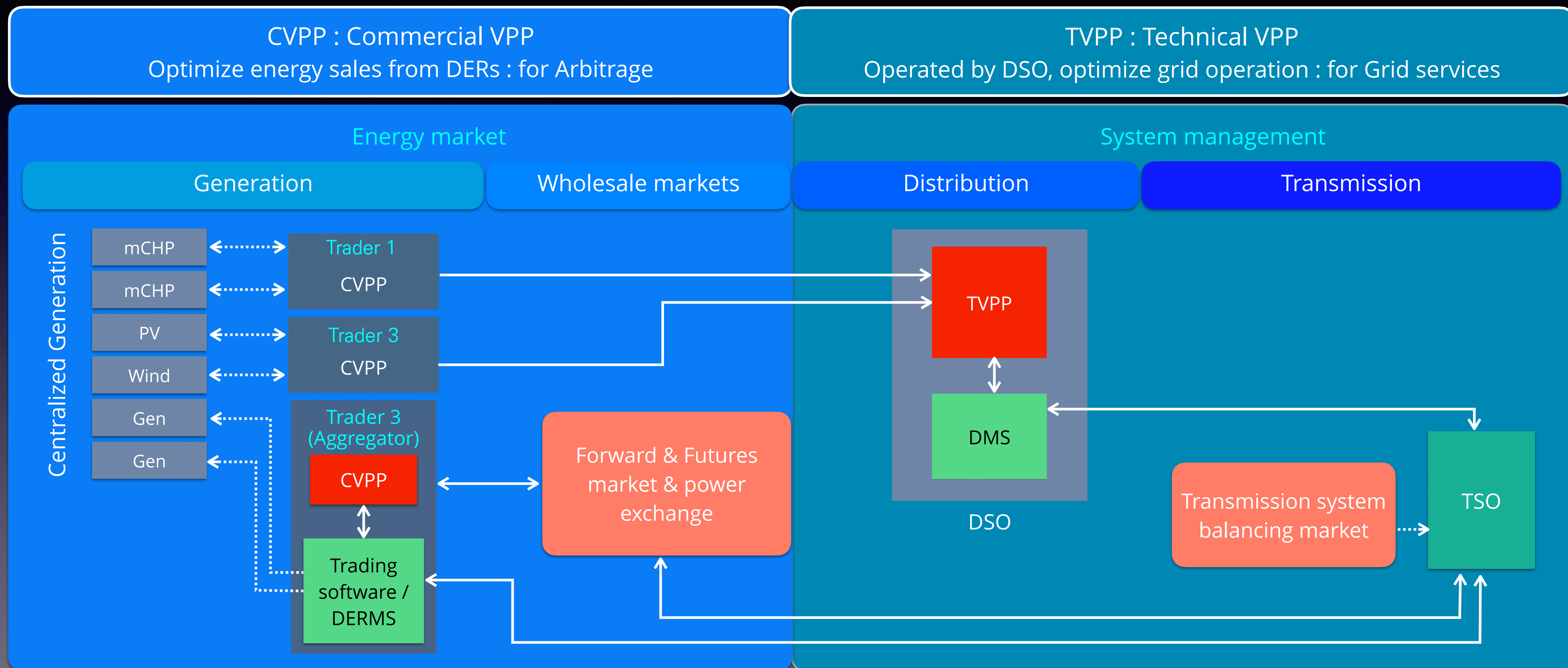
System-wide benefits
Energy Market focus



Force Multiplier by the Connectivity : Increase resilience through energy decentralization, and maximize reliability by connecting these DERs
(TEM : Transactive Energy Management)



Two kinds of VPP



DER & Demand Forecast

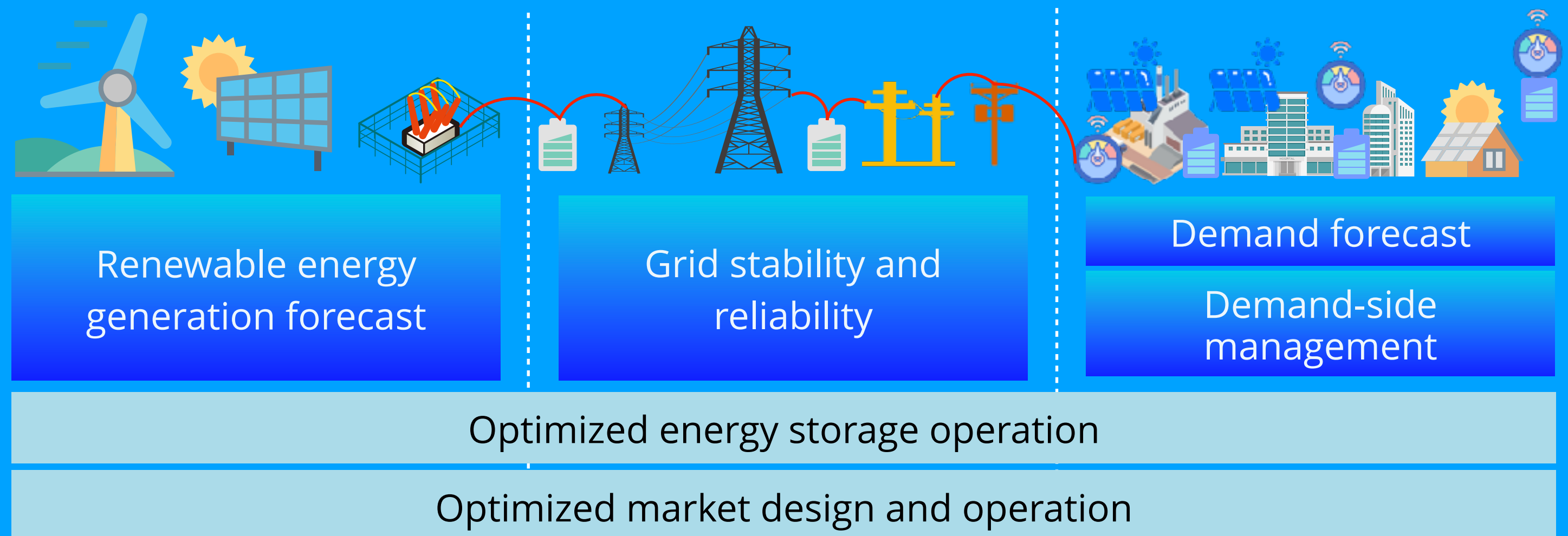
Generation, ESS charge/discharge, Demand forecast



Realtime data and AI potential are being unlocked by the generation of big data and increased processing power.

In the energy sector, Energy AI can enable fast and intelligent decision making, leading to increased grid flexibility and integration of VRE.

Energy AI for Distributed energy resources



Energy AI

Virtual Fleets
(Convergence)

Energy Market

Energy A.I

*Physical Bid,
Convergence Bid*

F, P, Q, V, i

Grid Services for
Stability & Regulation

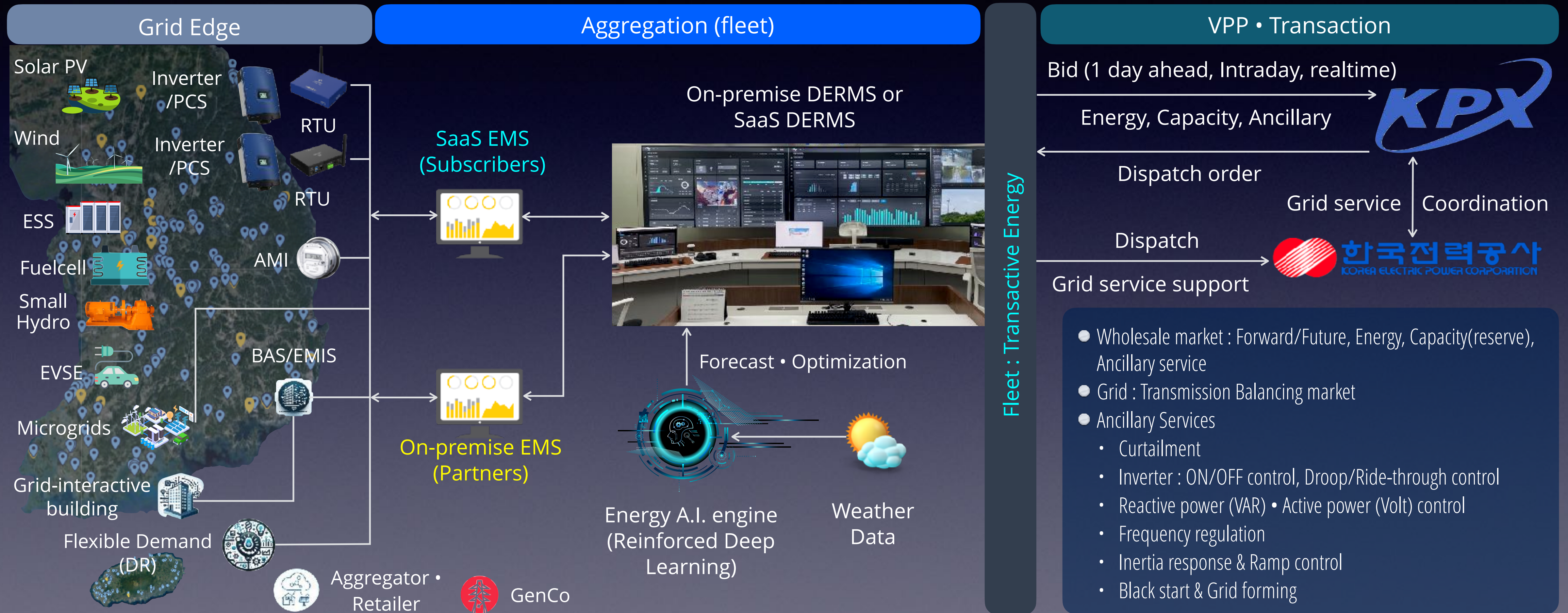
- Forecast : Weather, Demand, Generation, Power Flow, Price(SMP, LMP)
- Optimization (Dispatch, Revenues)

Aggregated Resources
(Renewables)

Physical Resources
(Microgrids)

PRODUCTS : DERMS & VPP Platform

Integrated Energy Platform based on A.I : DERMS(Aggregation, Microgrids) + VPP(bidding, DR, grid services)



CASES & TRACK RECORDS

iDERMS VPP Control Centers

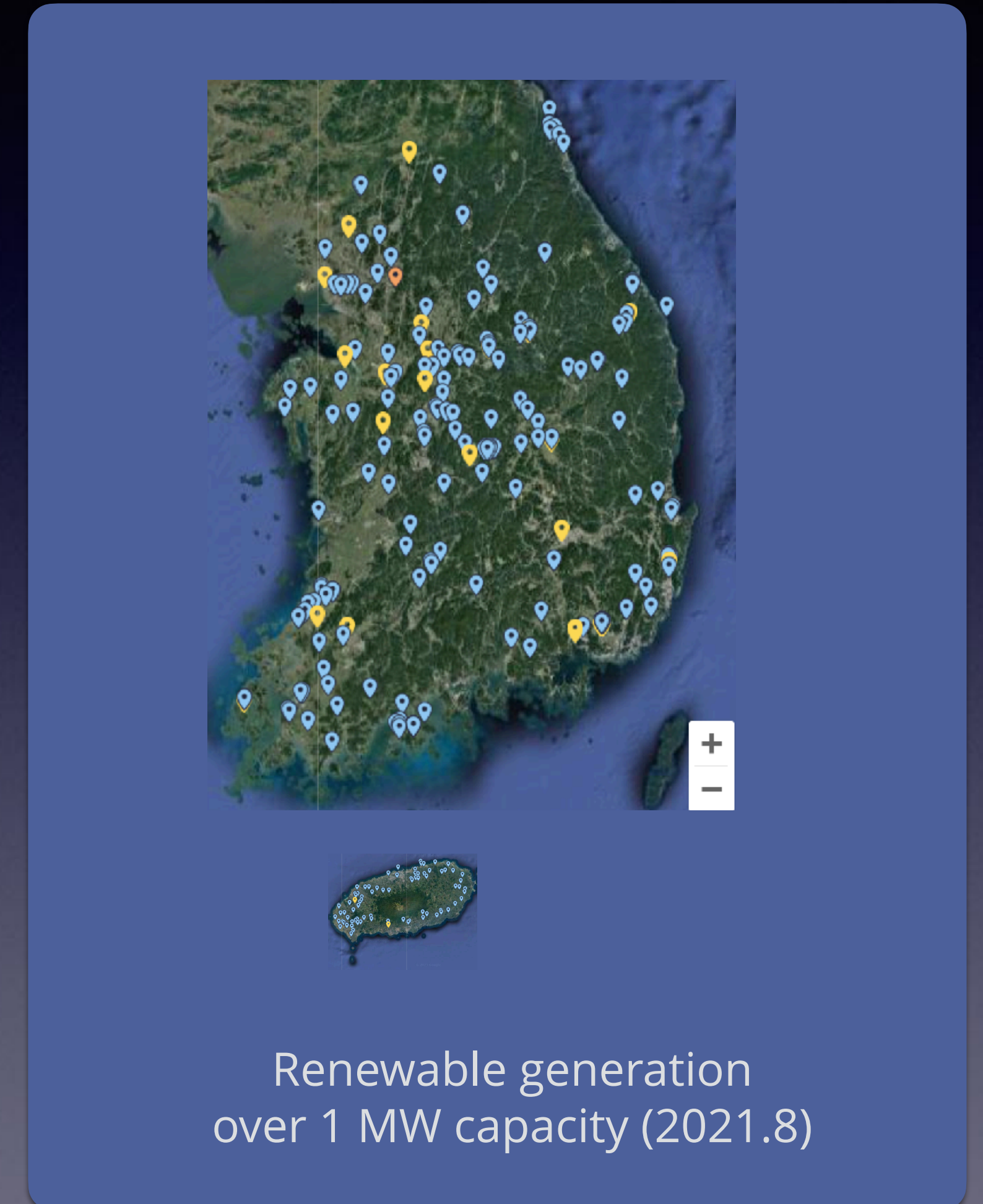
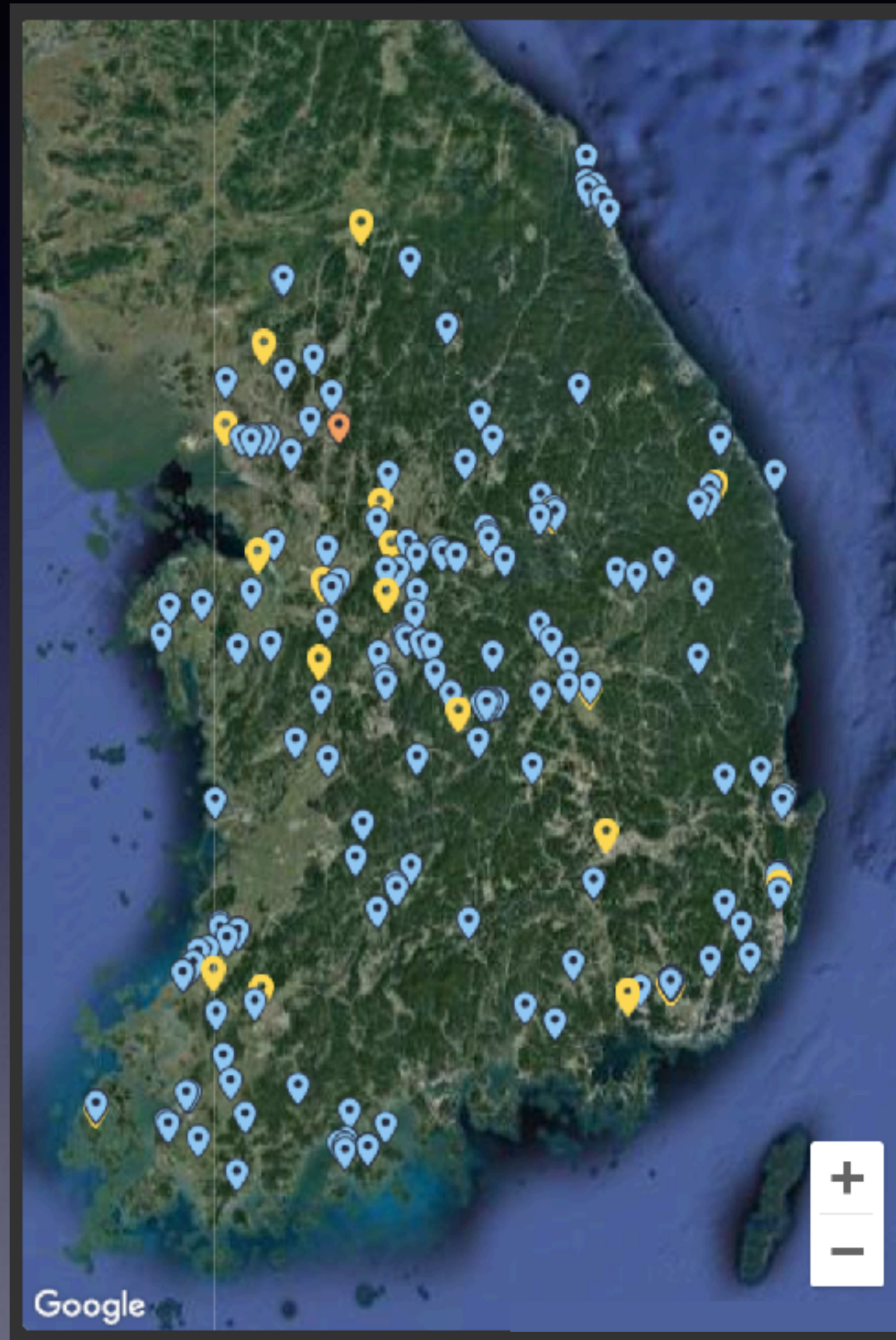


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SOURCE : ENCORED

Track : Connectivity of i-DERMS in Korea



Track : MAIN CUSTOMERS



Smart Energy / RE100 Platform



Track : Microgrids (Hawaii, US)



- Coordination control
- Frequency control
- Black start
- Automatic synchronizing

PMS



i-DERMS Cloud



- Optimal generation planning (cost or CO2 emission)
- Monitoring distributed energy resources and analysis field data
- Peak monitoring and estimation
- Cost analysis



National Weather Service



SaaS EMS

- Big data collection / pre-processing / analysis
- Load and solar forecasting with deep reinforcement learning
- Optimal generation plan based on deep reinforcement learning

AI energy meter & Gateway



- Wireless connection
- Low power consumption
- Realtime data transmission

Solar PV



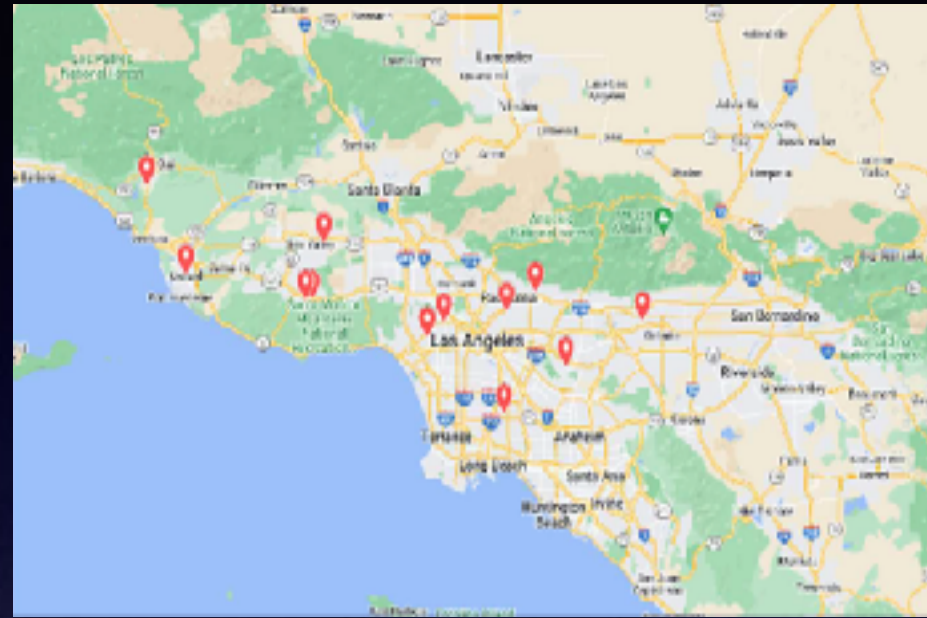
- 512 kW x 2 ea
- N-Type
- Bifacial module (+5 ~ 30%)

ESS



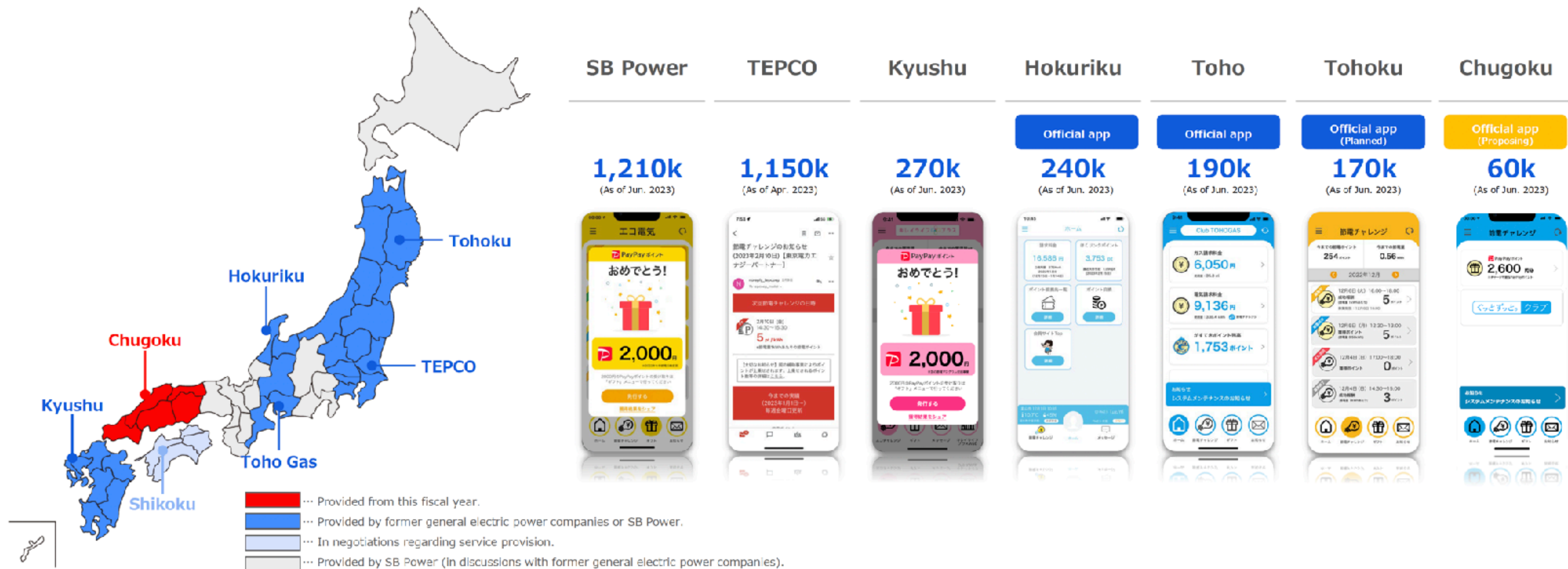
- 250 kW PCS
- 500 kWh Battery
- 98.7% efficiency

Track : 11 CCA Microgrids (Los Angeles, US)



Track : Residential Demand Response

ENCORED Japan is currently in ongoing discussions with each company about further expansion and increasing the number of users.



No. 1 in Japanese household DR

Surpassed 1.88 million households (Jan. 2024) : No. 1 in household demand response in Japan
(FY24 Plan : 4.2 million households / Potential customers : 120 million households of SB Power)

STEP1
Push notification



STEP2
Participating



STEP3
Increasing DR Action

Actions during the day

- Laundry (Washing machine)
- Iron (Iron)
- Cleaning (Vacuum cleaner)
- Cooking (Oven・IH)
- Remote work

Actions of resource holders

- Electric water heater
- Charging an EV
- Charging a storage battery

STEP4
Checking result



STEP5
Earning incentives



Connecting People with Energy

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