

Local and regional consequences of the development of smart grids

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The Committee on Regional Development adopted the own-initiative report by Elisabeth SCHROEDTER (Greens/EFA, DE) on the local and regional consequences of the development of smart grids.

The Committee on the Industry, Research and Energy, exercising its prerogatives as an associated committee under Parliament's [Rule 50 of the Rules of Procedure](#), also gave an opinion on the report.

New opportunities for the regional economy: Members welcomed a paradigm shift for the regions in the way energy is produced and consumed, moving from an inflexible traditional model, which functions on a 'base load logic', to variable, decentralised and local production, integrating a high share of small-scale renewable energy with flexible and responsive demand and distributed storage. They recognised that in order to preserve sustainable development and to meet the requirements of future demands, **new models of energy production and consumption** based on decentralised and local production should be promoted. They stressed the fact that a **smart grid is essential for such a paradigm shift** and that smart grid implementation should be embedded in a cross-sectoral and comprehensive approach to regional development in order to maximise benefits and market opportunities for the regions as well as to achieve sustainability, growth and innovation.

The report underlined the numerous benefits of smart grids in terms of **lowering greenhouse gas emissions**, ensuring the security of supply to households, giving consumers the ability to adapt their consumption in order to benefit from the lowest prices and at the same time save energy, improving energy efficiency, saving electrical power, etc.

The deployment and operation of smart grids, in particular, offer opportunities to **disadvantaged regions, including outermost, peripheral and island regions**, which can reduce the energy costs that they incur.

Member States and regional and local authorities are called upon to **invest as early as possible in local smart grids** by thoroughly considering boosting investments using the European Structural and Investment Funds (ESIF), including financial instruments to leverage private investment. The report called for a **flexible approach** at local and regional level to **reduce the barriers** to combining measures for energy production, storage, including across borders, and efficiency.

Stressing that the deployment of smart grids requires a stable, long-term policy framework, Members called on the Commission to propose **ambitious strategies**, policies and targets for 2030 for energy efficiency and renewable energies as well as for greenhouse gas emissions, in order to give future certainty to investors and interconnected industries and to facilitate a smart energy system.

A **more flexible approach in EU regulations and directives** on the internal market is called for to reduce barriers to region-specific solutions in terms of energy production, supply and storage.

Smart energy systems: for smart grids to be successfully implemented, a **strategy for regions and local communities** aimed at 'smart energy systems' should be developed. The report noted the role that smart meters have in enabling two-way communication, allowing for accurate billing for consumers and increasing demand-side participation. It highlighted that every citizen should have direct access to

consumption and production data in order to ensure efficient, safe and secure smart grid operations and urged the Commission to take steps to ensure that electrical appliances are capable of operating automatically in conjunction with smart meters by providing consumers with the most favourable tariffs.

Role of citizens: the report emphasised that the success of a smart energy system is often due to local ownership by individual citizens, a cooperative, a local community or a combination of these actors. Such ownerships increase the acceptance of investments in all elements of smart energy systems. The importance of **informing and educating** users to become informed prosumers who are aware of the opportunities offered by these grids, particularly as regards their link to smart meters has been stressed.

The Commission is called upon to **remove the barriers and regulatory and legal challenges to local ownership in existing EU legislation**, in particular in the state aid rules. Member States are invited to support local energy feed-in possibilities and the sharing of local energy, not only bi-directionally between the grid and the end-user but also cross-border and between end-user units.

The report stressed that the implementation of smart energy systems will significantly change the private and public spheres, as electricity provision will be linked to data collection and communicated in real time. It called, therefore, for **transparent procedures at all levels**, involving all actors, including citizens, businesses, industry, local authorities, distribution system operators (DSOs), transmission system operators (TSOs), local and regional data protection officials or ombudsmen and the providers of smart grid technologies.

Data protection and privacy: the report emphasised the need for **high standards for smart meters in terms of data protection and data privacy**.

More specifically, the report called on the Commission to:

- **reduce the barriers to investment** in smart energy systems, particularly by expanding the exemption within the state aid modernisations (SAM) to allow for public support for all elements of regional and local smart energy systems, including cross-sectoral investments and operations;
- urges for **smart energy systems to be included as a category in the future Commission regulation** declaring certain categories of aid compatible with the internal market and adapting the regulations on other block exemption categories which interact with the development of smart energy systems;
- agree upon a **unified classification system** to determine whether an organisation is to be deemed a transmission operator, a distribution operator or a combined operator;
- assess whether it is necessary to bring forward proposals, in line with the third internal energy market package, for the development and promotion of smart grids (these proposals should be integrated into a streamlined regulatory framework in accordance with the principles laid down by the Commission);
- establish a **transnational network for regions with smart energy systems**.