

# Local and regional consequences of the development of smart grids

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The European Parliament adopted by 571 votes to 87, with 22 abstentions, a resolution on the local and regional consequences of the development of smart grids.

A number of **best practice examples**, such as the Burgenland region, the Energy Valley in the Netherlands, the regenerative model region of Harz in Germany, Hosttín in the Czech Republic, the Orkney Micro Renewables project in Scotland, as well as pilot project cities and communities under the Commission's CONCERTO initiative or the CO-POWER initiative for the efficient use of energy and decentralised energy production show that local communities and citizens can become 'prosumers' (producer-consumer).

In the light of these examples, Parliament made the following recommendations:

**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 resolution 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 resolution 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, Parliament 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.

**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. Parliament 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:** Parliament 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. 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 resolution stressed that the implementation of smart energy systems requires **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:** Members emphasised the need for high standards for smart meters in terms of data protection and data privacy.

In order to put in place a framework for successful Smart Energy Systems, Parliament 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;
- 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**.