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Bundesnetzagentur publishes key elements paper on smart grids and markets to accelerate changes in the course of the transformation of the energy system

Kurth: “The potential for innovation lies in the development of new offers, and new business models and services for flexible electricity procurement”

The Bundesnetzagentur has just published a key elements paper entitled “Smart Grid and Smart Market”, which is meant to clarify and shed more light on a sometimes confusing and still somewhat unstructured debate. The paper deals with the question of how the energy supply system needs to be changed in the course of the transformation of the energy system. Among other things, the Bundesnetzagentur calls for a clear separation of the areas of smart grids and smart markets.

“In the future, we should focus more of our efforts on the market and assign the grids more of an auxiliary role. Grid-specific topics such as network expansion and system stability are particularly significant issues for the energy transformation, but they should not dominate the entire discussion. While this requires a shift in thinking on the part of the industry, it promises to deliver innovative and efficient solutions for the system as a whole. We must now move concertedly and quickly to define in a clear and non-discriminatory manner the interface between the tasks of the grid and those rooted in the area of market competition. There will be no easy solutions, as there is neither one specific smart grid component that equips grids for future energy scenarios, nor is there a master plan for successful market models. And it cannot be the job of the state to virtually decree new business models,” explained Matthias Kurth, President of the Bundesnetzagentur.

Measures to boost grid capacity and control capabilities are part of the area of smart grids. Network operators are responsible for the associated supplemental deployment of technology and IT components for communications, measurement, control engineering and automation. The area of smart markets, by contrast, includes measures such as those aimed at improving the integration of renewable energy sources into market processes, or at influencing consumption, for example through innovative tariff systems or services.

“Already today, the transmission networks can for the most part be considered smart. There is, however, a particular need for action to establish new power lines, for example to transport wind power produced in the North and Baltic Seas to the centres of consumption. It must be clear to everybody that the building of new power lines is something that can by no means be avoided. Otherwise, we will not be able to reach the ambitious energy-policy goals of the future,” explained Kurth.

“At the distribution network level, the key issues will be both additional deployment and the intelligent control of grids. The distribution networks no longer have the sole job of distributing electricity locally; increasingly, they also have to distribute power generated decentrally to the overhead line level when solar or wind power plants produce more electricity than is required locally. Against this background, it is the foremost entrepreneurial responsibility of network operators to find a technologically and economically efficient mix of network expansion and network intelligence. Central requirements set out by political actors or by the Bundesnetzagentur make little sense in this context, in particular in light of the very different situations in the hundreds of distribution networks. However, I consider an increase in efficiency, which can for example be achieved through connections or cooperation between networks, to be the order of the day. On the one hand, this ensures that Germany’s networks can retain their leading position in the future as well; on the other hand, it limits network charges to a necessary level”, according to Kurth.

“The much-discussed introduction of smart meters is in large part a component of the area of smart markets and could make a significant contribution in that area. However, the prerequisite is that consumers are willing to actually use the meters and take advantage of new tariff offers and services. These flexible tariffs, however, must be developed by the electricity providers, while their real benefit will be felt by the consumer. Here is a classic example of the chicken/egg problem. Without smart meters and possibilities of controlling consumption, there will be no flexible tariffs, but without flexible tariffs, meters and control units cannot meet their full potential.

New meters, however, should not be installed quietly and inconspicuously in consumers’ basements. Instead, they must be marketed together with attractive tariffs and services,” explained Kurth.

The full key elements paper is available on the Bundesnetzagentur Internet site.