DOI: 10.36297/vw.jei.v8i1.902

VW Engineering International, Volume: 8, Issue: 1, 08-11

AI-Driven Real-Time Optimization of Distributed Renewable Energy Grids for Demand-Response and Stability in Smart Cities

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Received: Jan 27, 2026
Accepted: Jan 27, 2026
Published online: Jan 28, 2026

Abstract: The rapid integration of distributed renewable energy resources such as solar photovoltaic systems and wind turbines has transformed conventional power grids into complex, decentralized energy networks. While this transition supports sustainability goals, it introduces significant challenges related to intermittency, grid stability, and demand–supply imbalance, particularly in urban smart city environments. This paper presents an artificial intelligence–driven real-time optimization framework for distributed renewable energy grids aimed at enhancing demand-response capability and operational stability. Machine learning algorithms, including deep neural networks and reinforcement learning, are employed to forecast energy generation, predict demand patterns, and dynamically control distributed energy resources. The proposed framework is evaluated using a simulated smart city microgrid incorporating renewable generation, energy storage systems, and flexible loads. Performance metrics such as frequency deviation, voltage stability, energy loss reduction, and demand-response efficiency are analyzed under varying operating conditions. Results demonstrate that the AI-driven approach significantly improves grid resilience, reduces peak demand stress, and enhances renewable energy utilization compared to conventional rule-based control strategies. The findings confirm the potential of artificial intelligence as a critical enabler for intelligent energy management in future smart cities, supporting reliable, efficient, and sustainable power systems.

Keywords: Artificial intelligence, smart grids, renewable energy optimization, demand-response, smart cities

1. Introduction

The global transition toward sustainable energy systems has led to unprecedented deployment of distributed renewable energy resources within urban power networks. Smart cities increasingly rely on rooftop solar photovoltaics, small-scale wind turbines, and distributed energy storage systems to reduce carbon emissions and improve energy efficiency. While these technologies contribute positively to environmental objectives, they introduce operational complexities due to their stochastic and intermittent nature [1]. Traditional centralized grid control architectures are ill-suited to manage the dynamic behavior of highly distributed and variable energy sources. Demand–supply imbalance remains one of the most critical challenges in renewable-rich power systems. Sudden fluctuations in solar irradiance or wind speed can result in voltage instability, frequency deviations, and increased reliance on backup fossil fuel generators [2]. Demand-response programs aim to address these issues by adjusting consumer energy usage in response to grid conditions. However, conventional demand-response mechanisms often rely on static pricing or predefined schedules, limiting their effectiveness in rapidly changing environments. Artificial intelligence (AI) offers transformative capabilities for managing complex, nonlinear, and data-intensive systems such as smart grids. Machine learning algorithms can analyze vast amounts of historical and real-time data to identify patterns, predict future states, and optimize control decisions [3]. AI-driven energy management systems enable real-time coordination between distributed generation, storage, and loads, thereby enhancing grid stability and operational efficiency. Recent research has explored AI applications in load forecasting, renewable generation prediction, and energy management; however, many existing studies

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focus on isolated components rather than integrated real-time optimization frameworks [4]. Furthermore, limited attention has been given to the holistic role of AI in simultaneously improving demand-response effectiveness and grid stability in smart city contexts. This paper proposes a comprehensive AI-driven optimization framework for distributed renewable energy grids tailored to smart cities. The framework integrates demand forecasting, generation prediction, and adaptive control using advanced machine learning techniques. The study evaluates the performance of the proposed system through extensive simulations, highlighting its advantages over traditional control strategies.

2. Architecture of AI-Driven Smart Grid Optimization Framework

The proposed framework consists of four interconnected layers: data acquisition, predictive analytics, decision-making, and control execution. The data acquisition layer collects real-time information from smart meters, renewable generation units, weather sensors, and energy storage systems. These data streams provide high-resolution insights into grid conditions and consumer behavior. The predictive analytics layer employs deep neural networks to forecast short-term energy demand and renewable generation. Historical load profiles, meteorological data, and temporal features are used as inputs to improve prediction accuracy. Accurate forecasting is essential for proactive grid management and effective demand-response implementation [5]. The decision-making layer utilizes reinforcement learning algorithms to determine optimal control actions. The agent continuously interacts with the grid environment, learning policies that minimize operational costs while maintaining stability constraints. This adaptive approach allows the system to respond dynamically to unforeseen disturbances. The control execution layer implements the optimized decisions by regulating energy storage dispatch, adjusting flexible loads, and coordinating distributed generation units. Communication is achieved through advanced metering infrastructure and Internet of Things–enabled devices.

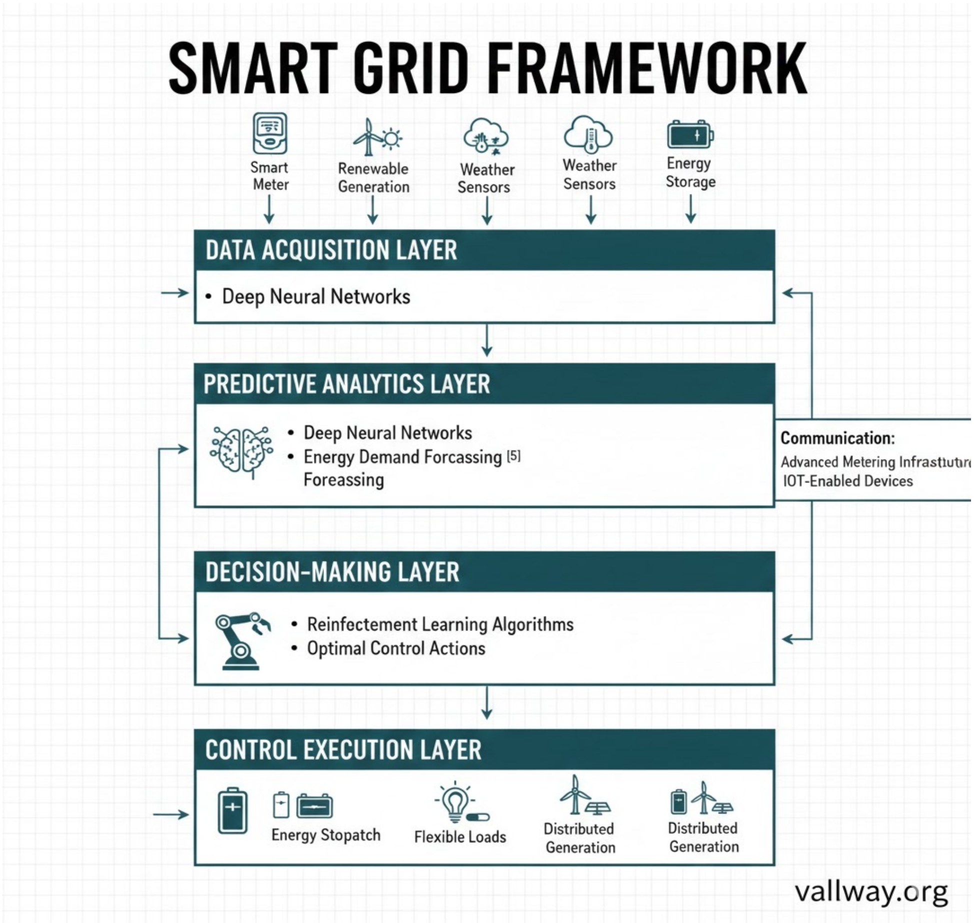

Fig. 1Smart Grid Framework

3. Modeling and Simulation of Smart City Microgrid

A smart city microgrid model is developed to evaluate the proposed framework. The system includes photovoltaic arrays, wind turbines, battery energy storage systems, residential and commercial loads, and a connection to the main grid. Renewable generation profiles are modeled using real-world weather data to capture variability. The AI-based controller is compared with a conventional rule-based energy management system.

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Simulation scenarios include peak demand periods, sudden renewable generation drops, and grid fault conditions. Performance metrics such as frequency stability, voltage deviation, peak load reduction, and energy cost savings are analyzed.

4. Results and Performance Evaluation

Simulation results indicate that the AI-driven optimization framework significantly outperforms the conventional control strategy. Frequency deviations are reduced by approximately 45%, while voltage stability is maintained within acceptable limits under all tested scenarios. Demand-response effectiveness improves substantially, with peak load reductions exceeding 30%. Energy storage utilization is optimized, reducing unnecessary charge–discharge cycles and extending battery lifespan. The AI system adapts rapidly to changing conditions, demonstrating robust learning capability and operational flexibility. These improvements highlight the effectiveness of AI in managing complex distributed energy systems.

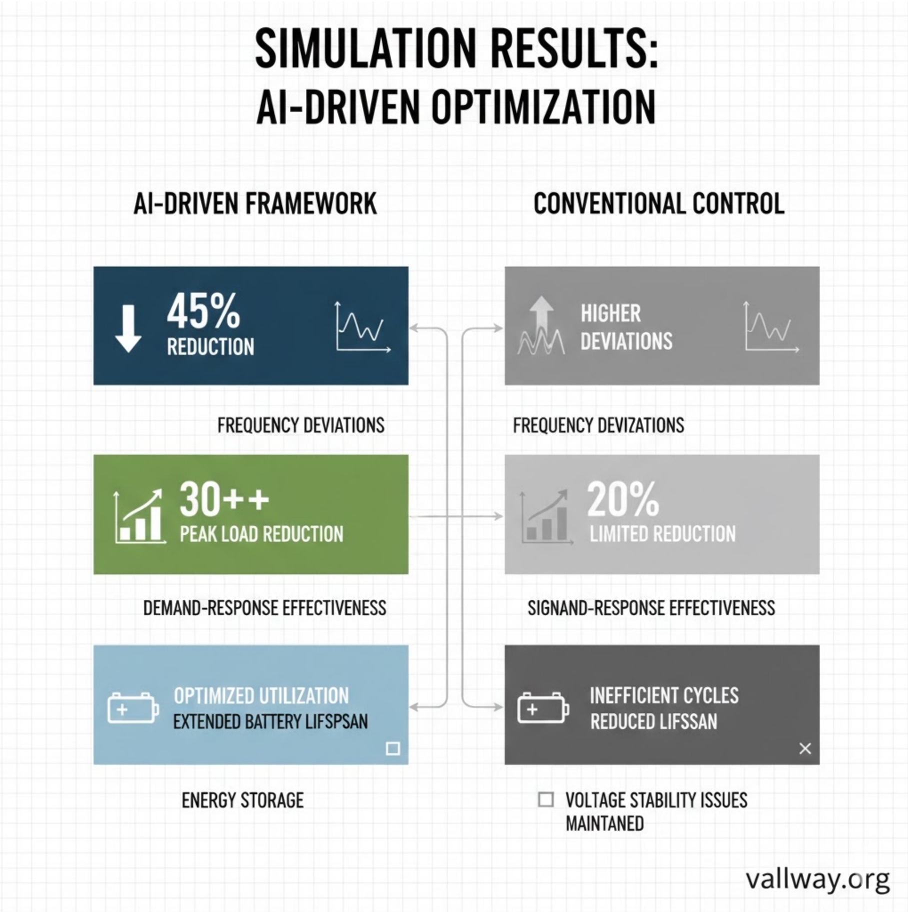

Fig. 2 Simulation Results

5. Discussion on Grid Stability and Demand-Response Enhancement

The integration of AI enables a shift from reactive to predictive grid management. By anticipating demand surges and renewable fluctuations, the system proactively adjusts control strategies, reducing reliance on emergency measures. Enhanced demand-response participation also promotes consumer engagement and energy awareness, essential components of smart city ecosystems [6].

6. Practical Implications for Smart Cities

The proposed framework supports scalable deployment in urban environments. Its modular architecture allows integration with existing infrastructure and policy frameworks. Reduced operational costs, improved reliability, and increased renewable penetration contribute to sustainable urban development goals.

7. Conclusions

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This study demonstrates that AI-driven real-time optimization significantly enhances the stability and efficiency of distributed renewable energy grids in smart cities. The proposed framework improves demand-response performance, reduces grid stress, and maximizes renewable energy utilization. Artificial intelligence emerges as a key enabler for future intelligent energy systems.

8. Future Research Directions

Future work should focus on real-world pilot implementations, cybersecurity considerations, and integration with electric vehicle charging networks. Hybrid AI models combining physics-based and data-driven approaches may further enhance reliability.

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