# AI-Driven Predictive Energy Management System for Smart Grid Integration of Renewable Sources

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**DOI: https://doi.org/10.47772/IJRISS.2026.101000485**

**Received: 23 October 2026; Accepted: 28 October 2026; Published: 05 November 2026**

## BACKGROUND OF THE STUDY

### Background and the Global Energy Transition

The global energy landscape is currently undergoing a profound and unprecedented transformation, driven primarily by the urgent need to mitigate anthropogenic climate change and reduce dependence on depleting fossil fuel reserves. International environmental treaties, most notably the Paris Agreement, have mandated stringent reductions in greenhouse gas (GHG) emissions, propelling a paradigm shift toward sustainable and clean energy generation [1]. Consequently, Renewable Energy Sources (RES), particularly solar photovoltaic (PV) and wind energy, have experienced exponential growth in their deployment capacities worldwide. However, the integration of these sustainable energy sources into existing electrical infrastructures requires a fundamental re-imagining of power distribution. The traditional power grid, characterized by centralized generation and unidirectional power flow—from large-scale power plants to end-users—is ill-equipped to handle the decentralized, bi-directional energy and information flows of the modern era [2]. This necessity has given rise to the concept of the "Smart Grid." A smart grid is an advanced cyber-physical system that overlays traditional electrical infrastructure with cutting-edge information and communication technologies (ICT), Internet of Things (IoT) sensors, and advanced metering infrastructure (AMI) [3]. This modern grid paradigm facilitates real-time data acquisition, automated control, and enhanced grid visibility, providing the foundational architecture required to support high penetrations of distributed energy resources (DERs).

### Intrinsic Challenges of Renewable Energy Integration

Despite the environmental and economic benefits of renewable energy, the large-scale integration of RES into smart grids introduces a myriad of complex operational challenges that threaten grid reliability and stability [4]. Unlike conventional dispatchable power plants (such as coal or natural gas), solar and wind power are inherently stochastic, volatile, and highly dependent on erratic meteorological conditions. Solar PV generation is subject to sudden drops due to cloud transients and the natural diurnal cycle, while wind power generation fluctuates unpredictably with atmospheric pressure and temperature gradients [5]. This intermittency creates a severe supply-demand mismatch, often summarized by the infamous "Duck Curve," which illustrates the drastic ramp-up requirements placed on conventional generators when solar generation diminishes during peak evening demand [6].

Furthermore, the integration of inverter-based renewable resources significantly reduces the total rotational inertia of the power system. In traditional grids, the kinetic energy stored in the massive rotating turbines of synchronous generators acts as a buffer against sudden frequency changes. The displacement of these generators by static RES inverters leads to low-inertia grids, which are highly susceptible to severe frequency deviations and voltage instability during transient events or load fluctuations [7]. To maintain grid equilibrium, energy providers must continuously balance active and reactive power in real-time. Failure to accurately anticipate and

manage these fluctuations can lead to severe consequences, including excessive renewable energy curtailment, equipment degradation, cascading blackouts, and compromised power quality for end-users [8].

**Limitations of Conventional Energy Management Systems**

To manage the complexities of power generation and distribution, utilities have historically relied on traditional Energy Management Systems (EMS) and Supervisory Control and Data Acquisition (SCADA) frameworks. Conventional EMS architectures predominantly utilize deterministic mathematical models and classical optimization techniques, such as Mixed-Integer Linear Programming (MILP), Dynamic Programming (DP), and Proportional-Integral-Derivative (PID) controllers [9]. While these methods are effective in highly predictable, centralized grid environments, they exhibit significant limitations when applied to modern, RES-dominated smart grids.

First, traditional forecasting models, such as Autoregressive Integrated Moving Average (ARIMA) or simple linear regression, fail to capture the complex, non-linear, and spatio-temporal dependencies inherent in weather and load data, resulting in high forecasting errors [10]. Second, conventional optimization algorithms are computationally heavy and scale poorly with the high-dimensional data generated by millions of IoT grid sensors. They often require exhaustive computational time to reach global optima, rendering them unsuitable for the microsecond-level real-time decision-making required in modern grid operations [11]. Finally, traditional EMS frameworks are largely reactive rather than proactive; they respond to grid imbalances after they occur rather than anticipating and mitigating them in advance. This reactive nature necessitates the maintenance of large, expensive, and carbon-intensive spinning reserves to ensure grid reliability, thereby negating the environmental benefits of renewable energy.

**The Advent of AI-Driven Predictive Energy Management Systems (PEMS)**

To overcome the limitations of classical deterministic approaches, researchers and grid operators are increasingly turning to Artificial Intelligence (AI) and Machine Learning (ML) to develop Predictive Energy Management Systems (PEMS). An AI-driven PEMS represents a monumental shift from reactive grid management to proactive, data-driven, and self-optimizing grid control [12]. At the core of a PEMS is the utilization of advanced Deep Learning (DL) architectures to extract actionable intelligence from massive volumes of heterogeneous grid data, weather forecasts, and historical consumption patterns.

In the domain of predictive analytics, hybrid deep learning models have shown unprecedented success. Convolutional Neural Networks (CNNs) are employed to extract spatial features and topological correlations from grid nodes and meteorological maps, while Transformer-based architectures excel at modeling long-range temporal dependencies in time-series data [13]. By combining these architectures (e.g., CNN-Transformer), PEMS can generate high-precision, ultra-short-term, and short-term forecasts for both load demand and renewable generation.

Beyond forecasting, AI is revolutionizing the control and optimization layers of grid management. Reinforcement Learning (RL), specifically Deep Reinforcement Learning (DRL), enables the system to learn optimal control policies through continuous interaction with the grid environment [14]. By formulating energy management as a Markov Decision Process (MDP), DRL agents can autonomously coordinate the charging and discharging cycles of Battery Energy Storage Systems (BESS), dispatch controllable loads for Demand Response (DR) programs, and execute real-time peak-load shaving without requiring explicit mathematical modeling of the underlying grid physics [15].

**Cybersecurity and Resilience in Decentralized Smart Grids**

As smart grids evolve into highly interconnected, decentralized cyber-physical systems, they inadvertently expand their attack surface, introducing severe cybersecurity vulnerabilities. The reliance on bi-directional communication protocols (e.g., IEC 61850) and thousands of remote IoT edge devices makes the grid susceptible to malicious cyber intrusions [17]. One of the most critical threats is the False Data Injection Attack (FDIA), wherein adversaries compromise smart meters or communication links to alter load or generation data. If

undetected, FDIAs can deceive the EMS into making erroneous dispatch decisions, leading to economic losses, equipment damage, or catastrophic regional blackouts [18].

Consequently, a robust PEMS cannot rely solely on forecasting and optimization; it must inherently incorporate advanced cyber-resilience mechanisms. AI-driven Intrusion Detection Systems (IDS) utilizing unsupervised learning techniques, such as Autoencoders, are deployed to establish baselines of normal grid behavior and detect subtle anomalies indicative of a cyberattack in real-time [19]. Moreover, to preserve data privacy and reduce communication overhead, Federated Learning (FL) architectures are being integrated into modern PEMS [20].

### Research Objectives and Contributions

While isolated advancements in forecasting, optimization, and cybersecurity have been extensively documented, there remains a critical gap in developing a unified framework. Many existing studies focus on predictive accuracy but neglect real-time control optimization, while others overlook the crippling effects of cyber-physical vulnerabilities. To address these multifaceted challenges, this study proposes a comprehensive AI-Driven Predictive Energy Management System tailored for smart grid infrastructures. The primary contributions include:

1. High-Precision Predictive Analytics: A hybrid spatio-temporal deep learning architecture (CNN-Transformer) that significantly enhances ultra-short-term forecasting.

2. Autonomous Grid Optimization: A multi-agent DRL framework to autonomously optimize BESS dispatch and execute real-time peak shaving.

3. Cyber-Physical Resilience: A Federated Learning-powered Autoencoder to secure the PEMS against FDIAs, ensuring data integrity.

4. Comprehensive Validation: Extensive empirical co-simulations using precise real-world datasets and robust hardware environments.

## METHODS

### System Architecture Overview

The proposed AI-Driven Predictive Energy Management System (PEMS) is modeled as a multi-layered cyber-physical framework comprising three distinct but interdependent layers: the Physical Layer, the Communication Layer, and the AI Computing Layer. The continuous data flow between these layers enables closed-loop, real-time autonomous grid management.

### Data Acquisition and Preprocessing

To ensure the high fidelity of the predictive models, a 12-month dataset sampled at 15-minute intervals was utilized. The electrical load profiles were sourced from the open-access PJM Interconnection data repository, while the RES generation output (solar irradiance and wind speed) and localized meteorological variables (temperature, humidity, cloud cover) were extracted from the National Renewable Energy Laboratory (NREL) National Solar Radiation Database (NSRDB).

The dataset was systematically divided into a 70% training set, 15% validation set, and 15% testing set to evaluate generalization. Prior to model ingestion, missing data points were imputed using a Piecewise Cubic Hermite Interpolating Polynomial (PCHIP). Min-Max normalization was applied to scale all features to a [0, 1] range, accelerating neural network convergence.

### Predictive Analytics Module: Spatio-Temporal Forecasting

To capture both spatial correlations and temporal volatility, a hybrid Convolutional Neural Network-Transformer (CNN-Transformer) architecture is utilized.

Spatial Feature Extraction: The normalized input matrix is fed into 1D Convolutional layers acting as feature extractors for spatial dependencies across adjacent smart meters.

Temporal Dependency Modeling: The feature maps are processed by a Transformer encoder block utilizing Multi-Head Self-Attention (MHSA), effectively capturing long-range temporal dependencies without gradient vanishing.

Output Layer: Attention vectors pass through dense layers to output deterministic forecasts for active load ($P_{load}$) and renewable generation ($P_{RES}$).

**Autonomous Grid Optimization via Deep Reinforcement Learning (DRL)**

The CNN-Transformer forecasts inform the optimization layer, formulated as a Markov Decision Process (MDP) and solved using Proximal Policy Optimization (PPO). The state vector incorporates forecasted load, RES generation, BESS State of Charge (SoC), electricity pricing, and grid voltage levels. The action space contains continuous dispatch commands for the BESS, constrained by inverter capacities and battery physical limits. The composite reward function aims to minimize total operational costs while adhering to voltage security constraints.

**Cyber-Resilience: Federated Autoencoder for FDIA Detection**

To safeguard against False Data Injection Attacks (FDIA), a Federated Autoencoder anomaly detection system is deployed. During local training, edge computing nodes train Autoencoders on benign operational data to minimize reconstruction Mean Squared Error (MSE). Model weights are then transmitted to a central aggregator via Federated Averaging (FedAvg), preserving data privacy.

FDIA Simulation and Thresholding: For evaluation, FDIA vectors were simulated by introducing malicious scaling factors ($ au = 1.1, 1.2, 1.3$ corresponding to 10%, 20%, and 30% data shifts) to legitimate load/irradiance readings. The anomaly detection threshold was dynamically defined as the 99th percentile of the reconstruction MSE calculated over the benign validation dataset. Incoming real-time data producing an MSE above this threshold is flagged as an attack.

**Computational Environment and Simulation Setup**

Simulations were executed on a high-performance workstation featuring an NVIDIA RTX 4090 GPU, 64 GB of RAM, and an Intel Core i9-13900K processor. The AI models (CNN-Transformer, PPO, Autoencoder) were implemented in Python using PyTorch. The physical grid environment was modeled as a modified IEEE 33-bus radial distribution network in OpenDSS. Python and OpenDSS communicated synchronously via the COM interface.

The CNN-Transformer model was trained for 100 epochs using the Adam optimizer with a learning rate of 1e-4, a batch size of 64, and early stopping (patience of 10 epochs) to prevent overfitting.

## RESULTS / OUTCOMES

**Predictive Analytics: Spatio-Temporal Forecasting Performance**

The high-fidelity forecasting generated by the hybrid CNN-Transformer architecture was benchmarked against classical ARIMA models, standalone LSTM networks, and recent architectures like Temporal Convolutional Networks (TCN) [21] and the Informer model [22].

During ultra-short-term forecasting (15-minute to 24-hour horizons), ARIMA exhibited a MAPE of 14.5%, struggling with non-linear stochastic volatilities. The standalone LSTM (MAPE 8.2%) and TCN (MAPE 6.5%) improved temporal sequencing but struggled with spatial topology.

The proposed CNN-Transformer architecture achieved a superior MAPE of just 3.4% and an RMSE of 0.12 p.u., slightly outperforming the baseline Informer model by more effectively capturing localized spatial weather correlations via the initial CNN layers. This precision forms a highly reliable data foundation for the DRL optimization layer.

### Autonomous Grid Optimization and BESS Dispatch

The DRL agent (PPO algorithm) autonomously managed BESS cycling for peak-load shaving and cost minimization. During low-tariff morning hours, the SoC is allowed to drop to its 20% minimum safe threshold. During peak solar generation (10:00 - 14:00), the agent aggressively charges the BESS to 90%, mitigating reverse power flows. Subsequently, during the evening peak demand, stored energy is discharged. This dynamic peak-shaving flattens the net load curve (alleviating the "Duck Curve" effect) and restricts bus voltages to safe 0.95–1.05 p.u. margins.

### Economic Impact and Cost Minimization

A 30-day comparative cost analysis demonstrated the economic viability of the proposed PEMS. The Baseline (no EMS) operational cost averaged $1,250 per day. A Rule-Based EMS reduced this to $1,050. The Proposed PEMS (integrated CNN-Transformer and DRL) achieved the lowest average daily cost of $720—a 42.4% reduction from the baseline and superior to standalone standard DRL methods. This is directly attributed to the exact peak timing foresight provided by the CNN-Transformer.

### Cyber-Physical Resilience: False Data Injection Attack (FDIA) Detection

The Federated Autoencoder's cyber-resilience was evaluated under Low (10%), Medium (20%), and High (30%) variance FDIA simulated data shifts.

Table 1: Performance Metrics of the Federated Autoencoder under Various FDIA Intensities

| Attack Intensity (Data Shift) | Accuracy (%) | Precision (%) | Recall (%) | F1-Score (%) |
|---|---|---|---|---|
| Low (10%) | 96.8 | 95.4 | 96.2 | 95.8 |
| Medium (20%) | 98.5 | 98.1 | 98.8 | 98.4 |
| High (30%) | 99.7 | 99.4 | 99.9 | 99.6 |

Notably, the detection accuracy and recall increase proportionally with attack intensity. This occurs because larger malicious data shifts result in a much more pronounced deviation from the benign baseline distribution learned by the Autoencoder. Consequently, higher intensity attacks yield a massive reconstruction MSE that easily exceeds the dynamically calculated 99th-percentile threshold. Furthermore, utilizing Federated Learning achieved these high detection rates without centralizing sensitive smart meter data.

## DISCUSSION

### Limitations and Real-World Implementation Challenges

While the proposed PEMS exhibits exceptional performance in co-simulation, several practical implementation challenges remain. First, the deployment of high-fidelity IoT sensors and the necessary edge-computing hardware to run Federated Learning models locally incurs significant capital expenditure for utility providers. Second, real-world communication latency and bandwidth constraints in rural grid networks could delay the synchronous parameter aggregation in FedAvg, potentially impacting real-time DRL decision-making. Finally, there is currently a lack of standardized regulatory frameworks for integrating AI-driven autonomous controllers into critical public grid infrastructure, which necessitates extensive field-testing and safety certification prior to commercial deployment.

# CONCLUSION

This study successfully developed and validated a holistic AI-Driven Predictive Energy Management System (PEMS) to resolve the physical, economic, and security challenges of renewable energy integration in smart grids. Extensive co-simulations using a 12-month NSRDB/PJM dataset confirmed that the hybrid CNN-Transformer architecture (3.4% MAPE) significantly outperforms traditional and newer benchmark forecasting models. Leveraging this high-precision data, the PPO Deep Reinforcement Learning optimizer executed autonomous BESS dispatch and peak-load shaving, successfully maintaining voltage stability while reducing average daily operational costs by 42.4%. Additionally, the novel Federated Autoencoder effectively neutralized simulated FDIAs (achieving a 99.6% F1-Score under high-intensity attacks) while preserving localized data privacy. The seamless convergence of advanced predictive analytics, autonomous DRL optimization, and decentralized cyber-defense establishes this unified framework as a robust, scalable paradigm for future energy networks. Future work will focus on minimizing FL communication overhead and real-world hardware pilot testing.

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