IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 5, Issue 9, June 2025
Impact Factor: 7.67

Demand Side Management using Blockchain for Distributed Networks

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Abstract: *Traditional demand side management (DSM) systems often rely on centralized control mechanisms, leading to limitations in transparency, flexibility, and consumer engagement. This paper proposes a blockchain-based DSM platform for distributed energy networks to overcome these limitations. By utilizing smart contracts and decentralized consensus, the proposed system enables peer-to-peer energy trading, secure data management, and automated demand response. The framework enhances transparency, efficiency, and consumer participation in energy usage and trading. Simulation results demonstrate improved energy allocation, data integrity, and system scalability, highlighting blockchain's potential in building resilient and consumer-centric energy ecosystems.*

Keywords: Blockchain, Demand Side Management, Smart Contracts, Distributed Networks, Peer-to-Peer Energy Trading, Token Economy

I. INTRODUCTION

The evolution of smart grids and distributed energy resources has created new challenges for demand side management (DSM). Traditional DSM frameworks depend on centralized authorities, which introduce issues of scalability, transparency, and consumer autonomy. Blockchain technology, known for its decentralization, immutability, and trustless operations, offers an alternative by enabling peer-to-peer energy transactions and decentralized optimization. This paper presents a blockchain-driven DSM system that empowers consumers, enhances energy efficiency, and ensures secure and tamper-proof data management.

II. LITERATURE REVIEW

Various DSM strategies have been explored, including load shifting and real-time pricing. However, centralized control often leads to inefficiencies and limited adaptability in dynamic energy environments. Blockchain introduces a decentralized ledger system that can eliminate intermediaries, automate processes via smart contracts, and securely manage energy data. Recent studies show that while Proof-of-Work (PoW) offers security, it is energy-intensive. Alternatives like Proof-of-Stake (PoS) and Proof-of-Authority (PoA) are more suitable for energy applications due to lower resource demands. Nonetheless, integrating blockchain with DSM requires careful consideration of privacy, scalability, and control dynamics.

III. METHODOLOGY

The proposed system is built on a modular blockchain infrastructure incorporating:

- **Smart Contracts** for automating energy transactions and demand response events.
- **Peer-to-Peer Energy Trading** for direct consumer-to-consumer energy exchange.
- **Energy Data Management** through a tamper-proof blockchain ledger.
- **Decentralized Optimization** for automated load balancing based on real-time data.
- **Incentive Mechanisms** using tokens to reward energy-saving behavior.

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The architecture consists of energy producers (prosumers), consumers, smart meters, and blockchain nodes. Smart contracts ensure compliance and automate rewards. Privacy-preserving mechanisms control data sharing among authorized users.

3.1 Architecture Diagram

Figure 1 shows the overall architecture of the proposed blockchain-based DSM system. The architecture includes energy producers, consumers, smart meters, a blockchain layer, and smart contract logic.

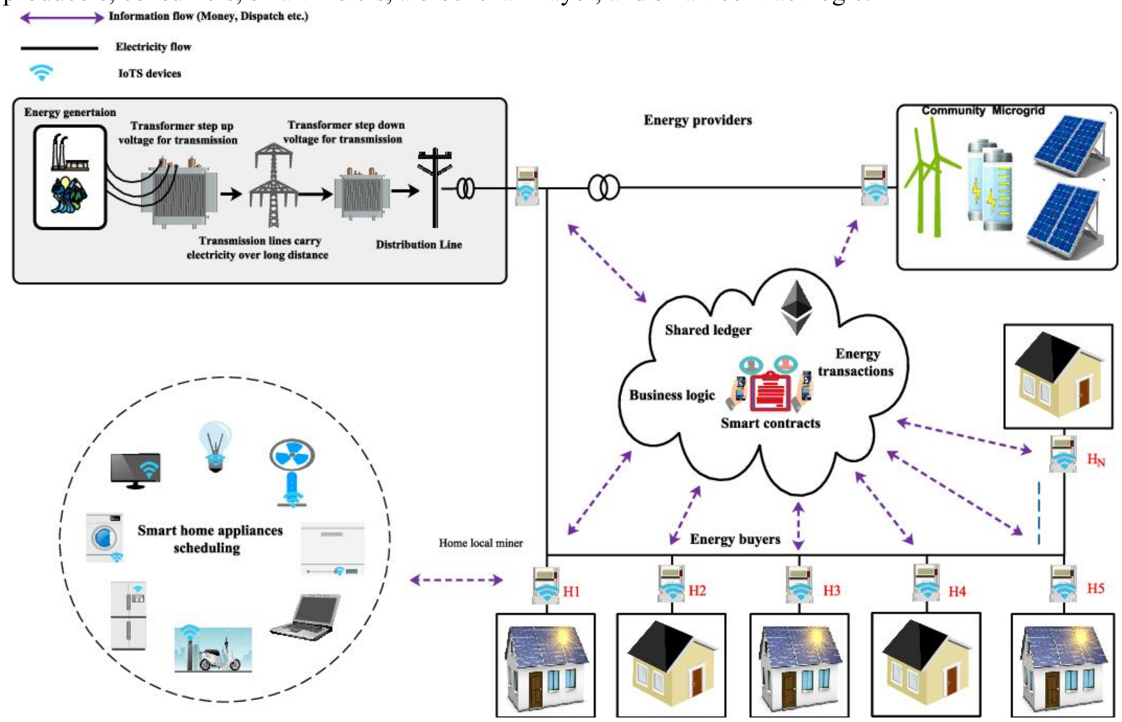

Figure 1: Architecture of DSM Using Blockchain

IV. RESULTS AND DISCUSSION

A prototype was developed using Java and simulated in CloudSim with blockchain-based consensus mechanisms (PoW, PoS, PoA). Key findings include:

- **Transparency**: Immutable transaction logs enhance trust.
- **Efficiency**: Optimized energy allocation reduced peak demand.
- **Security**: Cryptographic data management prevented unauthorized access.
- **Scalability**: PoA-based consensus performed best under increasing network load.
- **Consumer Empowerment**: Peer-to-peer trading enabled consumer-driven pricing.

The simulation demonstrated blockchain's ability to maintain system integrity while improving operational flexibility and decentralization.

4.1 Simulation Output

The output below shows the energy trade execution and load optimization using the proposed model.
Figure 2.1 shows Output Screen of Demand Side Management using Blockchain for Distributed Networks
Figure 2.2 shows another Output Screen of Demand Side Management using Blockchain for Distributed Networks
Figure 2.3 Console Output Screen of Demand Side Management using Blockchain for Distributed Networks

DOI: 10.48175/IJARSCT-28210

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Figure 2.1

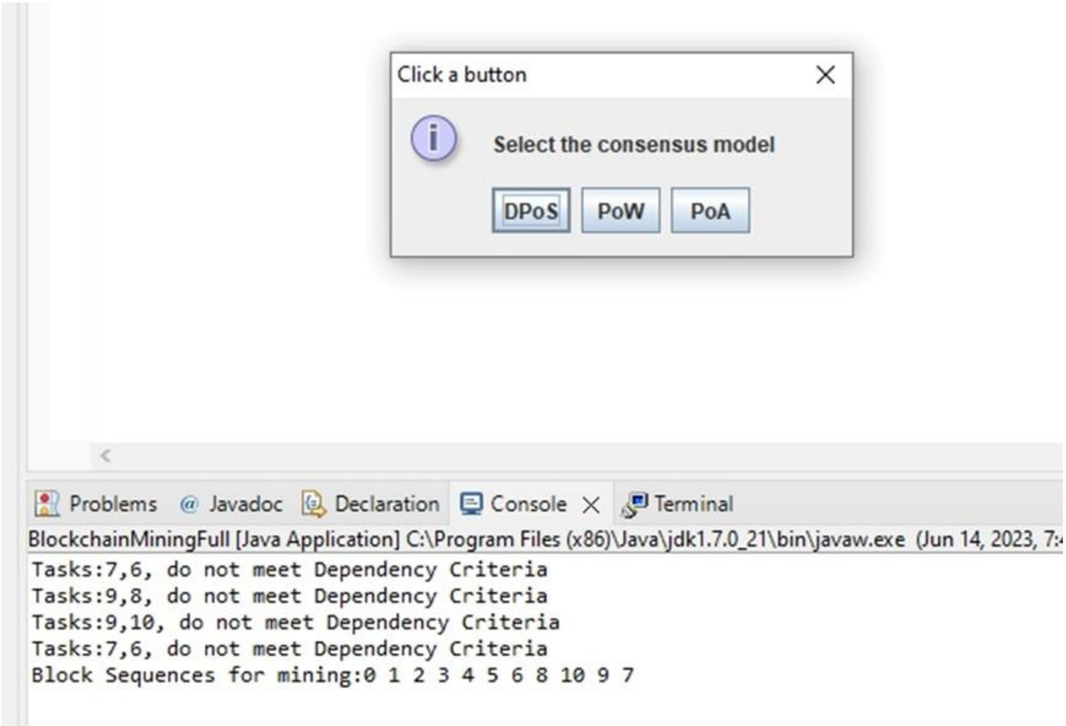

Figure 2.2

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```
DPoS
Simulation completed.
Block mining is completed
Most optimum learning rate with team effort of 6 is 0.64811635
NONCE Diversity:19669
Efficiency:99.99492 %
Delay needed for mining the blocks:5030 ms
Energy needed for mining the blocks118020.0 mW

PoW
Simulation completed.
Block mining is completed
Most optimum learning rate with team effort of 5 is 0.5939306
NONCE Diversity:32195
Efficiency:99.996895 %
Delay needed for mining the blocks:1322 ms
Energy needed for mining the blocks160980.0 mW

PoA
Simulation completed.
Block mining is completed
Most optimum learning rate with team effort of 5 is 0.15514386
NONCE Diversity:19669
Efficiency:99.99492 %
Delay needed for mining the blocks:1836 ms
Energy needed for mining the blocks98350.0 mW
```

Figure 2.3

V. CONCLUSION

This research validates blockchain's potential to revolutionize DSM in distributed energy networks. The proposed system ensures transparency, security, and decentralized control, empowering consumers to manage and trade energy efficiently. Future work includes real-world deployment, integration with IoT-enabled smart meters, and compliance with regulatory frameworks.

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