

THE BLOCKCHAIN ENERGIZER

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In this issue:

Bank Consortium Moves Forward with “Know Your Customer” Distributed Ledger Technology.....	1
Solar Technology Company Announces ICO to Fund Development of Local, Decentralized Energy Trading Platform.....	1
UK Startup Testing Blockchain Platform to Cut Time for Switching Energy Suppliers...	2

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K&L Gates Blockchain Energizer - Volume 11

A bi-weekly update on applications of blockchain technology in the energy industry

By Molly Suda and Ben Tejblum

There is a lot of buzz around blockchain technology and its potential to revolutionize a wide range of industries from finance and healthcare to real estate and supply chain management. Reports estimate that over \$1.4 billion was invested in blockchain startups in 2016 alone, and many institutions and companies are forming partnerships to explore how blockchain ledgers and smart contracts can be deployed to manage and share data, create transactional efficiencies, and reduce costs.

While virtual currencies and blockchain technology in the financial services industry have been the subject of significant debate and discussion, blockchain applications that could transform the energy industry have received comparatively less attention. Every other week, the K&L Gates’ Blockchain Energizer will highlight emerging issues or stories relating to the use of blockchain technology in the energy space. To subscribe to the Blockchain Energizer newsletter, please click [here](#).

Bank Consortium Moves Forward with “Know Your Customer” Distributed Ledger Technology

- Financial services consulting firm, Synechron, Inc. announced a [partnership](#) with R3 to collaborate on a “know your customer” (“KYC”) solution built on R3’s distributed ledger technology, Corda. The project includes twelve banks located across four continents and builds off of R3’s earlier [proof-of-concept KYC project](#) that launched in 2016.
- KYC processes to identify and verify the identity of clients are both costly and time-consuming, and the cost and complexity is rising as businesses must comply with regulatory change globally. The inherent features of blockchain and distributed ledger technology that enable identity management and secure sharing of information offer a solution to these problems.
- While the focus of R3 and Synechron’s collaboration is KYC processes for financial institutions, energy and commodity trading firms also face costly and complex KYC obligations. Therefore, the financial services industry may be the first-mover in developing a blockchain-based KYC application, but energy and commodity trading firms may soon follow suit to adapt applications for KYC and party onboarding in the energy industry.

Solar Technology Company Announces ICO to Fund Development of Local, Decentralized Energy Trading Platform

- Solar Bankers Singapore (“Solar Bankers”) announced an [initial coin offering](#) (“ICO”) to fund the development of software, smart meters, and decentralized energy systems that will enable local energy trading networks. Solar Bankers is affiliated with Solar Bankers

K&L Gates Blockchain Energizer - Volume 11

LLC, which has developed a series of solar photovoltaic products and energy generation equipment.

- Through the ICO, Solar Bankers will issue SunCoins, which according to the company's [whitepaper](#), may be exchanged for other cryptocurrencies, traded for CO₂ emissions certifications, exchanged for government vouchers, or traded in to receive Solar Banker's generation equipment. SunCoins may also be used to buy clean electricity through Solar Banker's network.
- Solar Bankers is launching the ICO in collaboration with ShellPay, which has developed a blockchain platform called Sky-Ledger. As Solar Banker's whitepaper explains, Sky-Ledger will provide the network for the SunCoin energy-trading platform, allowing consumers to purchase clean electricity and producers to receive SunCoins for selling electricity.
- Solar Bankers' whitepaper states initial grid development projects will involve the setup of small-scale networks in China by June 2018, with expansion into other countries by June 2019. Solar Banker's ICO is another model for the development of peer-to-peer energy trading networks, in addition to those being tested in Australia and the United States.

UK Startup Testing Blockchain Platform to Cut Time for Switching Energy Suppliers

- Electron is a UK-based startup developing blockchain and distributed ledger solutions for the energy sector. In a [recent interview](#), the cofounder and chief operating officer of Electron discusses how its blockchain technology supports platforms for asset registration, trading, and data privacy.
- With respect to asset registration, Electron's blockchain technology allows for the registration and management of meter identity, which can help to significantly reduce the time to process customer requests to switch energy suppliers.
- Customers and regulators are increasingly focused on enabling and promoting customer choice. For example, the Office of Gas and Electric Markets, which is responsible for regulating gas and electricity markets in Great Britain, has [an initiative](#) underway to allow consumers to reliably switch suppliers the next day and hopes to have next-day switching in place by 2019. Blockchain-based applications, like Electron's, that speed the process for a customer to move from one supplier to another, could take hold as a means to support customer choice initiatives.

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