

November 2, 2017

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K&L Gates Blockchain Energizer – Volume 16

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

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There is a lot of buzz around blockchain technology and its potential to revolutionize a wide range of industries from finance and health care 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, 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](#).

Energy Finance Blockchain Platform Launches in California

- Blockchain developer ImpactPPA [recently announced](#) the launch of a blockchain network built on the Ethereum platform that is designed to facilitate the funding and deployment of renewable energy projects through crowdfunding. The blockchain network, referred to as “The Smart PPA,” will employ a two-token model designed to promote energy finance and decentralized energy transactions.
- The first token, referred to as the “MPAQ,” will be used by participants on the blockchain to fund renewable projects around the globe. Using the platform, developers will be able to propose renewable projects and provide the specific details associated with the project, such as size, location, energy type, etc. Other participants on the network will then be able to fund the project using MPAQ tokens.
- Once a project is funded, other parties will be able to agree to purchase the energy output of the project using the second token created by the network, referred to as the “NRG Token.” Profits associated with the production and sale of energy will then flow back to those parties who initially funded the project, and all transactions will be recorded in the blockchain. According to the ImpactPPA [white paper](#), token funding is currently underway, with the first projects scheduled to be installed beginning in Q2 of 2018.
- The ImpactPPA platform is yet another example of a blockchain platform aimed at fostering renewable energy development. As reported in [prior issues](#), a similar platform has already been deployed to fund solar installations in Africa.

Blockchain Platform Aimed at Rewarding Energy Conservation Launches in the United Kingdom

- The UK-based company Energi Mine [recently launched](#) a blockchain-based trading platform with the goal of decentralizing energy markets and promoting energy conservation.
- The blockchain platform will have two functions. First, it will serve as a peer-to-peer marketplace designed to connect generators and consumers in an effort to reduce energy prices and increase transparency. Second, the platform will establish a reward mechanism, whereby participants will be rewarded with Energi Mine tokens for engaging in “energy-saving behavior.” These tokens would then be redeemable for fiat currencies or could be used to pay for energy purchases through the platform.
- In order to promote energy saving, the platform will make use of existing data feeds from smart meters and other smart technology, which will be used to verify that some form of energy saving has taken place (reducing consumption, purchasing an energy-efficient “smart” appliance, etc.). The platform will then issue tokens to reward this behavior. Additionally, Energi Mine envisions partnering with local government authorities to link the blockchain platform to public transportation systems, enabling platform users to receive tokens for taking public transportation.
- While other companies have launched similar platforms for energy trading, the energy-savings reward mechanism adds an interesting layer of additional functionality to the Energi Mine platform and may serve as a proof of concept for evaluating the potential for blockchain-based trading platforms to provide a wide range of energy services to consumers and incentivize changes in consumer behavior.

European Commission Plans Significant Additional Investment in Blockchain and Other Innovative Technologies

- The European Commission recently announced that it will invest €30 billion in Horizon 2020, the European Union’s research and innovation funding program. According to the [press release](#), funding will be geared towards topics including migration, security, climate, clean energy, and the digital economy. Clean energy was identified as a specific area of focus, with €3.3 billion expected to be committed between 2018 and 2020.
- Although Horizon 2020 will support programs across a number of industries, it will be specifically geared towards technologies that “boost[] breakthrough, market-creating innovation.” Of note, the European Commission for Research, Science and Innovation specifically highlighted blockchain technology, calling it one of “today’s most promising innovations.”
- The European Commission’s announcement is good news for blockchain developers and represents the latest in a series of investments by the European Union specifically focused on promoting blockchain and other innovative technologies. Earlier this year, it was [reported](#) that the European Union has already invested more than €5 million in blockchain projects.

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