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Energy Alert

K&L Gates is pleased to announce that the Blockchain Energizer has returned from a period of rest and reflection! Recognizing the variety of important emerging technological innovations and structural changes affecting energy markets, we have decided to expand our focus beyond Blockchain to include distributed energy resources, microgrids, and other emerging energy trends---all the technological innovations driving toward a more efficient, more reliable energy system.

To reflect our broader scope, the Blockchain Energizer will now be known as The Energizer. We have expanded the team to include additional K&L Gates attorneys tracking these important developments. The Energizer will still be published about twice a month and the subscription is the same. We appreciate your support and have enjoyed hearing from the many readers who rely on The Energizer for a periodic dose of energy tech! We look forward to continuing to provide timely coverage of increasingly important developments.

To subscribe to the Energizer newsletter, please click here.

GROWING BLOCKCHAIN INTEREST IN THE OIL AND GAS INDUSTRY.

- On January 16, 2019, London-based blockchain-platform Vakt announced that Chevron, Reliance Industries, and others have joined the platform. Established in 2017, Vakt serves as a consortium that includes major energy companies such as BP, Shell, and Equinor, as well as energy trading groups like Mecuria Energy Group and Koch Supply and Trading. Banks, including Societe Generale, are among the platform's shareholders. Vakt uses a blockchain-based platform to store the documentation needed to complete post-trade agreements. According to a report from the *Financial Times*, Vakt's platform includes companies that account for two-thirds of all deals for North Sea crude oil trading.
- On February 26, 2019, the OOC Oil & Gas Blockchain Consortium ("OOC") announced its launch, touting a board of directors that includes representatives from Equinor, ExxonMobil, Chevron, and other large energy companies. The OOC is the first U.S.-based oil and gas blockchain consortium. The group plans to build out blockchain-based proofs-of-concept to determine how the platform may best meet the group's needs, such as by creating quicker transactions, minimizing disputes, and minimizing transaction costs.
- Bangchak Corporation Public Co. Limited ("BCP") is testing a commercial microgrid and an Ethereum-based energy trading platform known as Green Community Energy Management System ("GEMS"). BCP will conduct tests to determine whether GEMS can support the company's new electrical system. More specifically, BCP will test whether the platform can allow generation, distribution, and energy storage to run seamlessly. To determine the platform's capacity, these tests will take place in a shopping mall adjacent to a BCP fuel station in Bangkok. The system is expected to use 280.9 kW of canopy and rooftop solar photovoltaics in conjunction with 913 kWh lithium-ion, nickel-manganese-cobalt oxide and

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additional battery storage capacity. If successful, BCP intends to replicate the system at its fuel stations across Thailand.

CALIFORNIA MUDSLIDES PROMPT PUSH FOR MONTECITO COMMUNITY MICROGRID INITIATIVE.

- In December 2017, the Thomas Fire burned almost 300,000 acres of Ventura and Santa Barbara Counties in California, leaving the areas' hilly terrain vulnerable to mudslides. When torrential rain struck the area on January 9, 2018, a massive mudslide formed, killing several people, damaging hundreds of homes, and knocking out residents' access to gas and electricity.
- Ventura and Santa Barbara Counties as well as Montecito and its surrounding areas are located in a highly transmission-vulnerable region because the area is prone to natural disasters. To mitigate the impact of future disasters, the Clean Coalition, a non-profit organization dedicated to accelerating the United States' transition to renewable energy and modernizing electric grids, is advocating for its Montecito Community Microgrid Initiative ("Initiative"). The Initiative seeks to implement a community microgrid for the Montecito Fire Protection District headquarters, the Montecito Water District headquarters, and the Montecito Upper and Lower Villages. The Clean Coalition hopes the Initiative will provide indefinite, renewables-driven energy resilience in times of crisis and spur the creation of other community microgrids in surrounding counties.
- Some states are beginning to develop policies to promote the establishment of microgrids. California, for instance, enacted SB 1339 in mid-September would require local, publicly-owned electric utilities to make a standardized process for the interconnection of customer-supported microgrids widely available, and to take other actions to "facilitate the commercialization of microgrids," in consultation with the California Energy Resources Conservation and Development Commission. Western states like California may continue to consider the development of microgrids as part of a plan to reinforce energy security in the face of increasingly disruptive natural disasters.

NEW RULES IN EV CHARGING IN PENNSYLVANIA.

- On Thursday, February 28, 2019, the Pennsylvania Public Utilities Commission ("PA PUC") approved tariff changes filed by several Pennsylvania utilities that clarify rules regarding third-party owned electric vehicle ("EV") charging stations. The tariff changes define an EV and an EV charging station, the types of permitted EVs, and the utilities' charging station construction and installation policies. Importantly, the tariff changes clarify that EV charging at third-party-owned EV charging stations will not be considered a "resale of electricity." The changes became effective on March 1, 2019.
- The tariff changes are a result of the PA PUC's November 8, 2018 Final Policy Statement Order ("Policy Statement"). The Policy Statement ordered utilities to amend their rules to (1) "expressly address EV charging stations in their tariffs" and (2) to address when and how owners and operators of third-party EV charging services are to notify the utility of a planned installation of an EV charging station. The PA PUC found that the tariff changes were consistent with the Policy Statement's mandates.
- As reported in prior issues, a number of companies have explored using blockchain to facilitate EV charging. Regulatory changes that enable deployment of third-party owned EV infrastructure, such as

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those implemented by the PA PUC, should further these efforts and the deployment of EV infrastructure overall.

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