BLOCKCHAIN ENERGIZER – VOLUME 32

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Energy Alert

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. 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.

THE ARIZONA CORPORATION COMMISSION OPENS THE FIRST BLOCKCHAIN-FOCUSED UTILITY REGULATORY DOCKET.

- On July 16th, the Arizona Corporation Commission became the first public utility commission to open a regulatory docket dedicated to examining the potential applications of blockchain technology in the energy industry. Commissioner Andy Tobin announced that the docket would, among other issues, examine how blockchain technology can improve cybersecurity, utility accounting, and tokenization and tracking of renewable energy credits. The docket will also focus on blockchain applications on the grid itself and, more broadly, Internet of Things applications. The Commission is expected to "explore opportunities" for the general public and energy industry stakeholders to provide input about the docket. More information about getting involved in the docket can be found here.
- Commissioner Tobin requested the opening of the docket, in part, to further research into blockchain technology's capacity to enable Arizona to reach the goals set out in his proposed "Arizona Energy Modernization Plan." If adopted, the plan would require that the state transition to 80% clean energy use by 2050.
- Arizona is already a relatively blockchain-friendly state, having passed legislation recognizing information stored on blockchain as "electronic records" and recognizing smart contracts as binding legal agreements. On the other hand, Arizona has not historically been a state with strong retail choice policies. Stay tuned to see whether blockchain's peer-to-peer advocates can make progress in a traditionally regulated energy market.

ENERGY WEB FOUNDATION AND LO3 ENERGY PARTNER TO STANDARDIZE DATA ON TOBALABA.

- LO3 Energy's "Exergy," a blockchain-based tokenized energy data platform, has joined the Energy Web Foundation ("EWF") as an affiliate to allow Exergy to scale its product broadly while giving EWF's

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affiliates access to standardized energy data. As detailed in Exergy's press release, "EWF and Exergy will collaborate on the 'Energy Web Chain' technology stack, making it an ideal base layer on which Exergy can scale its platform, and ensure interoperability, and provide an enhanced standardization of data for EWF." Once standardized, other EWF affiliates will be able to use that data for various applications, such as grid management.

- Access to standardized data will also enable these applications to scale because the companies operating these applications will have access to the data necessary to innovate through product and market development. Ultimately, EWF and Exergy believe that data standardization will allow for the better connection and possible aggregation of distributed renewable energy resources, thereby creating interconnected local energy marketplaces. This interconnectivity of data is thought to be a crucial step in the development of distributed energy markets and blockchain-based grid management platforms.

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