THE ENERGIZER – VOLUME 44

Date: 9 May 2019

Energy Alert

There is a lot of buzz around blockchain technology, distributed energy resources ("DERs"), microgrids, and other technological innovations in the energy industry. As these innovations develop, energy markets will undergo substantial changes to which consumer and industry participants alike will need to adapt and leverage. Every other week, K&L Gates' The Energizer will highlight emerging issues or stories relating to the use of blockchain technology, DERs, and other innovations driving the energy industry forward. To subscribe to The Energizer newsletter, please email janina.quilacio@klgates.com.

SOUTHERN CALIFORNIA EDISON CHOOSES 195 MW OF ENERGY STORAGE IN LIEU OF GAS PLANT.

- Southern California Edison ("SCE") announced in late April that it signed six new contracts for a total of 195 Megawatts ("MW") of energy storage and one demand response contract (the "contracts"), subject to final approval by the California Public Utilities Commission ("CPUC"). SCE awarded the largest of the contracts to Strata Solar, a 100 MW and 400 Megawatt-hour ("MWh") energy storage project, which will become one of North America's two largest lithium-ion battery systems. The companies anticipate the systems to be operational by December 2020. SCE's procurement followed shortly after CPUC approved four energy storage projects proposed by Pacific Gas & Electric. These projects, collectively, will have the capacity to store 567.5 MW and 2,270 MWh.
- SCE intends for the contracts to meet local capacity needs. To that end, SCE plans to connect them to two SCE substations in Santa Clara and Goleta. SCE originally awarded a contract to a 262-MW natural-gas peaker plant. However, after the California Energy Commission signaled its intent to reject the gas plant amid local pushback, SCE opened up a new round of bidding aimed at helping the state meet its clean energy goals.
- If approved, the contracts will help SCE comply with SB 100, which commits California to a 100% clean-energy grid by 2045, as well as serving SCE's stated goal of adding 30 gigawatts of additional renewable capacity to California's electric grid by 2030.

THAILAND PETROLEUM COMPANY COLLABORATING WITH THAILAND BANK TO CHOOSE BLOCKCHAIN-BASED MONEY EXCHANGE PLATFORM.

- On April 23, 2019, Thailand's largest commercial bank, Siam Commercial Bank ("SCB"), and PTT Exploration and Production, a Thai petroleum company, announced their agreement to work use Ripple, a San Francisco based blockchain money exchange platform, to facilitate its cross border payments. This marks Ripple's first foray into the petroleum industry. Both companies are now part of "RippleNet," Ripple's growing global network of cross-border payment portals and users.

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- The announcements comes relatively shortly after SCB's successful pilot program with Ripple. The program pilot enabled SCB to execute and settle cross-border business-to-business transactions in under a minute, while conventional settlements take multiple days.
- SCB became the first financial institution to work with Ripple and its "multi-hop" feature when they partnered last year. The bank continues to adopt other new Ripple technology, including Ripple's proprietary enterprise software: "xCurrent." xCurrent enables SCB to increase its volume of cross-border transactions by securing the settlement process between the originator and recipient institutions and minimizing settlement time. By using blockchain, these companies hope to streamline theirs settlement operations, while improving security and liability.

WASHINGTON INCREASES ASSESSMENT FEES ON ELECTRIC VEHICLE OWNERS TO FUND ELECTRIC VEHICLE INFRASTRUCTURE.

- This month, Washington enacted a bill that increases fees assessed on electric vehicle ("EV") owners to help fund EV charging stations and other EV infrastructure development projects. Among other things, the legislation increases the annual automobile owners assessment fee from $150 to $225 for owners of hybrid cars and certain others types of EVs. Additionally, the bill creates tax credits and other financial incentives designed to encourage businesses to adopt commercial EVs. Moreover, it establishes several grant programs that would help fund car-sharing programs, and EV charging stations, and help transit agencies cover the cost of electrifying their fleet.
- As EV adoption has continued to accelerate, state legislature have looked for ways to raise funds to cover the infrastructure investments needed to sustain demand. To that end, since 2017, nine states have enacted new fees on EV owners: California, Indiana, Minnesota, Oklahoma, Oregon, South Carolina, Tennessee, West Virginia, and Wisconsin. Washington's additional fees for hybrids and EVs are among the highest in the nation. As EV adoption continues to grow and EV infrastructure continues to develop, blockchain could play an important role in coordinating the demand response and usage of the fragmented network of EV charging stations across the country.

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