

# GAME CHANGING IN THE ENERGY INDUSTRY



Bjorn Bekkevold, Founder & CEO, XTN GROUP

[bb@xtngroup.com](mailto:bb@xtngroup.com) [www.xtngroup.com](http://www.xtngroup.com) +47 91325804

2nd Annual Intelligent Risk & Portfolio  
Optimization for the Energy Markets,  
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# The Economist October 12-18, 2013

- How to loose half a trillion EUR

# TOPICS

- Drivers for Change incurring Financial Risk
- How to Reduce Financial Risk
- What's in it for.....
- When can Financial Risk be reduced
- Structural Change

# Drivers for Change incurring Financial Risk

## - New energy streams in the world

- Renewables having priority in the grid when being produced
- Electricity supply/demand and pricing challenges
- Shale gas - abundant supply – first the US later in Europe – US self sufficient of energy – export position (LNG) - lowering gas prices in Europe.
- "Locked in electricity" in the Nordic region – electricity surplus position with falling prices due to green certificates that stimulates new renewables on top of existing renewables - not enough cables for exporting to the European continent
- Consumers angry due to high prices caused by duties - not having a choice of energy form.
- Proposed Capacity Markets: Sharply increase of consumer prices - backfire on inabel governments. Governments that do not see this will face problems in the next election.
- Consumer concern with climate change - environmental changes and global warming and the inability of governments to do something about it

# How to reduce Financial Risk

## Supply & Demand, Demand / Response

- One Market: Electricity – Gas – Distant heating
- Balancing Demand Response with multiple energy forms managed by xtn-given prices per energy form versus consumer values

# Battery in the Grid

## LNG – Gas

- Supply and demand in the electricity grid has to be balanced at any one time particularly after introducing Renewables with its peak loads.
- Gas is in a separate Infrastructure excellent for the balancing purpose
- LNG is a moveable source on the world market and hence highly competitive
- Gas is/will not be linked to the oil price any more but has its own price regime

# EU - REGULATION

- Demand Side Management systems as decided by the EU Commission 5. november 2013
- Unbundling Distribution from Production as decided by the EU Commissions 3. energy package
- Market Solution as decided by the EU Commissions recommendation of 22. january 2014 to the European Parliament.

**Consumers opportunity to  
choose energy form**

analog to

**all other industries selling  
consumer goods**



# AUTOMATIC PURCHASING MACHINE



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# Automatic Purchasing Machine for Consumers

- XTN is an “Automatic Purchasing Machine for Consumers” of electricity, gas and distant heating with retailers and producers as co-owners, where consumer can choose among a mix of energy forms which fits consumer’s individual values and where the price premiums from consumer values are transferred to the producing co-owners providing an extra margin.
- Hence: XTN is a Demand Side Management System balancing Demand/Response by utilizing the three energy forms under one umbrella: electricity, gas and distant heating

# What's in it for the society

## The Renewable Low Carbon Society





**What's in it for the producers  
being co-owners**

**Transferring the  
Renewable price premium  
to  
energy producing co-owners**



## **What's in it for the retailers being co-owners**

**More sales by increased  
competitive strength by  
meeting consumer values**



## **What's in it for the share holders in XTN**

**Producers, Retailers and Investors being share holders enjoying 2% of throughput of increased sales and price**

# When can Financial Risk be reduced

## XTN - System

- Apps
- Top ware
- Middle ware – a datahub
  
- Negotiations ongoing september 2015 with producers and retailers
- Medio 2016: Demonstration project in Germany with 1.000 consumers

# Structural Change

## Wholesale – Vertical Integration

- Like all other industries the wholesale element in the energy value chain will be replaced by vertical integration



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