

(in short time frame created version)

Global Energy Transition Finance

(the foundation for a vital future of both the USA and the World)

Developing an economic response to the Energy Crisis in times of a Credit Crisis/Crunch.

Delivering a Transition Plan for any high fossil energy demanding economy worldwide.

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(*draft made for communication to the Hon. Dr. Steven Chu, Secretary of Energy*)

Introduction

America has gone through a severe difficult period the last decade, energy prices have slowed down economic performance, lowering purchasing power, causing balance of payment problems, causing decline of prosperity and economy.

There is a need for a new strategy, a strategy that is born within these circumstances and leads a way out to a better future. There a need for a Transition Model.

This report describes a Transition Plan that is able to turnaround energy production (and by this the declining economic trend). It describes the huge market (1 to 2 times World GDP) of the energy transition investments in the next decade. It describes the best (markets based) finance model for these investments; it describes the methods to generate huge volumes in market demand from all over America and the globe; it describes the needed National/Global Finance Model and National/Global Action Platform.

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(draft made for communication to the Hon. Dr. Steven Chu, Secretary of Energy)

Transition Needed

The Energy Crisis, the Credit Crisis and their both short-term and structurally repressive effects on the global economy are not describe here. Everyone with any economic knowledge knows that everything without (or with expensive) credit goes slowly and that everything without (or with expensive) energy will be standing still.

Planck Foundation has in its research discovered that (besides overconsumption funded on too much -and thereby toxic-credit) the Credit Crisis mainly is caused by the Energy Crisis (which has eaten large parts of the debt payment power), and that both crises interact with each other.

Planck Foundation also has in its research discovered that debt based money creation can only survive in economic growth (as the money for the interest payments is not created by the loan, but is created in overall economic growth during the repayment). When GDP-measured economic growth stalls, the debt based money creation system stalls (with mathematical precision defaulting will occur as the money for the interest payments is not created by the indebted interest payers).

For those who want background information and deep level analyses on both the Energy Crisis and the Credit Crisis:

- Energy Crisis
<http://www.planck.org/downloads/Global-Resources-Analysis-Version-2008.pdf>
(focused on PeakX, PeakEverything and PeakResources)
- Credit Crisis
<http://www.planck.org/downloads/Global-Future-Analysis-Version-2008.pdf>
(focused on PeakSize, PeakReach, PeakDistance and PeakCredit)
- Testimonials
<http://www.planck.org/testimonials>
(widely from global science/political/finance/business/ngo society)

The content of both reports in short: There is no need for an Energy Crisis to occur (there is energy enough for a low energy demand-based prosperous economic model), there is just an emergency need for a huge/massive Energy Transition. The changes/activities in and as result of this energy transition will also address the Credit Crisis. The only structural change we'll see as result of this energy transition is a huge change/contraction in/of transport/mobility demand, the 'reach' of economies will contract. The global economic model will not disappear, but change: goods production will take place as close as possible to the product demand due to the fact that production/transport costs will exceed labour costs. Product design/development will become more and more globalized, product manufacturing will become more and more localized (with exception of technology, software, knowledge and maybe machinery). The old global production model was based on \$ 10 per barrel oil and doesn't work in times of \$ 80-147 per barrel oil. GDP's will contract (in absolute levels after inflation correction: example: traffic congestion contributes to higher absolute GDP figures, but prosperity is higher without traffic congestions), but prosperity will grow, due to less energy price-based capital/prosperity bleeding. Wrong responses to the Credit Crisis (caused by lack of vision on it's roots/birth in the Energy Crisis) will lead to more debt and more difficult transition, as the past only is extended at the cost of the future. Further debt expansion just to correct the mistakes of the past, will lead to devaluation of savings and pensions, as money (capital in currency) will lose a lot of it's value. A quick energy transition will fix both the Energy Crisis and the Credit Crisis. The energy transition also will change the operation of credit markets severely: more localization, maximal transparency by shortening of distance between investor and investment, high quality by focusing on real/sustainable values/needs/growth, hedgefund/financetrade free model.

(draft made for communication to the Hon. Dr. Steven Chu, Secretary of Energy)

Transition Plan Needed

Based on a global economic situation caused by both the Energy Crisis and the Credit Crisis, plus the recession (with the serious risk of a depression) caused by those two, Planck Foundation has developed as response a Transition Plan. The transition investments also will lead the global economic expansion (see, for example, www.greentransitionscoreboard.com which found total private investments since 2007 reached \$1.248 trillion by Dec. 2009).

An energy/water/food/telecom Transition Plan for the global economy, that make it possible to transit in a very short time frame from a high energy demanding economy to a low carbon energy demanding economy that conserves/maintains current prosperity levels in the coming years/decades when carbon energy is no longer cheap and abundant available (see the IEA Energy Outlook 2008).

The Planck Foundation developed Transition Plan is build on two components: A Finance Model and an Action Platform. Both interact with each other and together they realize the needed transition within the shortest time possible.

The Planck Foundation developed Transition Plan will work within times of an Energy Crisis and a Credit Crisis. It will ease the impact of both when they both will reach their maximum impact levels in the coming 5 years until 2014.

The Planck Foundation developed Transition Plan also will initiate a global economic transition boost, that will lead the global economy out of both the Energy Crisis and Credit Crisis caused global economic recession (see, for example, [Climate Solutions 2](#) computer model, Climate Risk Pty., Sydney, Australia, www.ethicalmarkets.com).

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Finance Model Needed

Planck Foundation has developed a Finance Model capable of realizing the needed transition investments in any quantity in the next 5 years, so even in times of a Credit Crunch caused by the Credit Crisis.

The Finance Model is based on the fact that there is money enough in the market (even maybe too much), but that there is a lack of project transparency and repayment insurance. All pension funds (a huge global source of non printed capital) worldwide certainly like these type of transparency and insurance. The Finance Model is focused on basic real values (energy/water/food and telecom: the real values of tomorrow). The pension funds certainly like these type of sectors of economy, certainly when the investments give a high value for money ratio by specification based tendering. The output of these investments (energy, water and food) will also in the future have higher prices than their initial investment, which creates the possibility of an attractive higher ROI and/or stronger operator in the future as the investments are based on today's price levels (see, for example, Climate Bonds Initiative, London, UK).

The Finance Model uses all the new financial engineering (like securitization) that has proven (unfortunately negatively) successful in volume creation due the spreading and intensity of the Credit Crisis in the world. The Finance Model will be only used for direct connections to real values (output of energy/water/food), and will be covered by user commitments (pulling the financial strength of the users into the investment), governmental (local, regional, national, continental) guarantees (on top of the nice -but not very valuable- commercial business case insurance) and with value for money guaranteeing 'specification-based tendering' and performance bonds (using national industry stimulation focused governmental guarantees once again).

The Finance Model is based on the banking principles developed by Friedrich Wilhelm Raiffeisen (1818-1888) in Germany and since then have proven to be the basic principles of the most successful and stable (crash-free) banking concept, that has led to an actual line of bank worldwide with very high TierOne capital ratios (AAA rating).

The Finance Model describes the procedures and contracts of finance methods that any bank can use to generate/manage investment finance, even by the Credit Crisis locked-up capital markets and in the Energy Crisis slowed-down economies.

The Finance Model is an 'open source like' based database driven "finance contract engine" (composition of components based) for transition investments, that connects investors, insurers, users, manufacturers, installers and maintainers in one contract. Before signing, it embraces attending/communication possibilities for (groups of) investors, (groups of) users, (groups of) governments, (groups of) manufacturers (groups of) installers and (groups of) maintainers.

The Finance Model gives any bank that uses it safe/riskless Investment Bank facilities for free. Virtual investment bank projects/contracts legal/communication that works in an online database driven model. Both in projects-initiation, development, communication, finance, insurance and all the underlying legal requirements.

The Finance Model gives any (literally any) old or new bank/financial in every city/region in the world that just log-in a private-labeled investment environment with total flexibility (literally any combination possible) against a very low (database driven like) cost structure.

The Finance Model makes the use of Investment Banking in energy/water/food accessible for anyone (investor, user, producer) and give the Investment Bank access to every project.

Of course this summary can't give all/detailed information.

(*draft made for communication to the Hon. Dr. Steven Chu, Secretary of Energy*)

Action Platform Needed

Planck Foundation has developed the design of an Action Platform, that is capable of generating and harvesting huge market demands in energy transition investment demands as projected by many investor groups (see the Climate Prosperity Alliance, www.climateprosperity.com).

This platform is an open digital communication platform that interacts with all the major 'communication islands' on the internet. Very similar to Hyves, Facebook, MySpace, Orkut, LinkedIn, etc. It has its own version of such a platform, but it also has interfaces (by the Open Social technology standard) with the other community platforms.

The Open Social protocol will allow all the profiles on all profile sites the 'reach' of the Action Platform. YouTube, Yahoo, Microsoft Live, Apple Me, Plaxo, Twitter, LinkedIn, Facebook, Myspace, Hyves, Orkut, etc, etc. But also the combined huge volumes of all the small community sites. Plus also the volume of the Western World as well as the total unknown, but very massive major mail/community sites in Russia, China, Middle East and South America.

How does it work? People have a profile on these huge voluminous sites, by the Open Social technology they can join with just one mouse click a local economy platform, a specific type of investment platform, a company platform, a government platform and the most important: a project platform.

This will result in hundred of thousands of investment projects that will find their home within this technology. It's an action (communication/investment) platform, a green economy driven movement. A global functioning grass root based movement. The ideal mix between local and global. It will generate a never before seen, detailed/specific/active huge global demand for huge local/regional/national/continental energy transition investments (such investments are necessary and tracked daily at www.ethicalmarkets.com).

The projects components and legal components are just clickable available to the group moderator. The group moderator can be elected and disputed digitally.

Companies (both producing and installing), governments (local, regional, national, continental) and financial firms can also present themselves in this technology. They can connect themselves with just one mouse click with both persons, techno groups and investment groups in all these profile/community platforms globally.

An example: A company like Vestas (the wind turbine building and installing company) can just hook on to every windmill park initiative of each windmill park of at least XX wind turbines. Another example: A town or village that wants a roofwater facility on each building, or a PV cluster on each roof, or a solar unit on each roof can just present their case (with the attached legal/contracts) to several producers/installers/combos.

The Action Platform runs on Drupal (the world's best open source online framework environment, initiated by a Belgium programmer) technology. Its both a Drupal based community, but the heart/volume/applications runs on xml driven Open Social protocol applications (person, local, technology, project, branch, government, company, bank, functional).

The Action Platform has further (non digital community based) third party media exposure by banner campaigns, free-to-use media (internet, print, radio, TV) content and free-to-use (internet, print, radio, TV) advertising (external exposure that leads to traffic on internal pages). Also for governments/media/movements virtual hosting of their (by Drupal facilitated) communities (gives ones again huge input from third party contact volume). Also RSS programs facilitation and newsletter programs facilitation.

This digital platform will be called moreEconomy (neutral, active, positive) and will become the main presenting/initiating/communication/concentration platform for all transition investments globally.

A worldwide massive demand generation and concentration.

(*draft made for communication to the Hon. Dr. Steven Chu, Secretary of Energy*)

A Global Energy Transition focused "Digital Wall-Street" Model

That the traditional banking model (local players who invested worldwide based on minimum data/information/knowledge) can be totally written down is very clear to us all. New models will be users/communities/municipals driven and have direct online/digital connections between all parties (investors/operators/users). New models will certainly operate within a digital (and by this completely transparent, including the actual output indicator devices) environment and will be focused on real values (energy, water, food and telecom) (see, for example, "Changing the Game of Finance," H. Henderson, 2009).

The coming economic transition away from high energy demanding (fossil energy based) prosperity, to low energy demanding (renewable energy based) prosperity, will lead to a huge transition investment wave. This is also very clear to many investors world wide.

Also it is very clear that this unprecedented gigantic investment wave (1-2 times World GDP) will not be financed by the current financial firms, as they are all very busy with surviving instead of expanding to facilitate this huge wave. The system of money creation by loans generated by banks is severely frozen and will not run again in the next years, its volume rather will be shrink substantially before it could run again. Somewhere, everyone needs to take their losses. Only then will the system be cleared out. The new investment load to be transported is bigger than ever seen and can no longer be carried by an outdated financial sector and overloaded, corrupted money circuits.

Capital is not the issue. There is capital enough (maybe even too much) in the market. Pension funds every day get a load of capital in the house generated by many people in all developed countries. Governments print money as never before, government guarantees reach levels also never seen before, insuring private capital investments. Capital certainly is not the issue. The issue is there is no transparent (and therefore trustworthy) and capacious (and therefore usable) facilitating model that is able to initiate/harvest/facilitate the capital traffic from owner to user. There is a lack of good/trusted financial models/structures.

Wall Street is obsolete. It still runs, but the magic has gone. America has dug itself into a deep hole of (consumption loving, production avoiding) debt. In the next years a new financial system with a new model will take over the leading role of Wall Street. How can we realize this? We must focus on facilitating investments in real values (equals further payment capacities), we must make direct connections between capital and investment in these real values, we must go digital and we need a model to generate volume (see, for example, H. Henderson, "The New Financiers" [2009] and "Bypassing Wall Street," Strategy+Business, Aug. 2009). The commercial version of a new "World Bank" - with global-local reach by its communication digital community model - could be located in Washington.

Planck Foundation has developed in the last 25 years a global financing model to facilitate all these facets. Based on connection with the financial power of the future users, state guarantees, functional insurances and performance bonds. The toolbox (just clever financial engineering) that is used by Wall Street to create a bubble, now used to create investments in sustainable growth for ourselves and generations to come in bubbleless steady real values like energy/food/water/telecom with direct relations between investors, producers and users.

(*draft made for communication to the Hon. Dr. Steven Chu, Secretary of Energy*)

Real Values

In times when capital (due to non-transparency) has lost its connection with real values there is massive demand for both 1) transparency and 2) real values.

What are real values? Real values are investments that generate real income now and in the future. Not based on bubbles, but based on a continuous/steady cash-flow.

When this transparency is created digitally (easy/cheap to analyze: technology combines all physical indicators together) and mixed with real values, pension funds certainly will become very interested to use the model for channeling their investments. They search for safe long term in actual value controllable and tradable investments for their huge capital surpluses.

For governments guarantee this type of investments is ensuring the nation's energy independence and energy supply in the future. In times where they are ready and willing to issue governmental guarantees, governments certainly like real values for now and the future. The choice between supporting a bankrupted car industry with no sales or a vibrant, new renewable energy industry will years to come booked sales is not so difficult for governments, despite strong lobbies of the car Industry.

Governments must see that supporting the balance sheets of banks is paying the past and leave them with a debt burdened future with energy problems. When they use their money creation and guarantee issuing for clean, renewable energy investments, there will be capital in the periphery of economies. Payment problems will disappear while an independent future with less capital drain by energy imports can emerge.

Unfortunately governments don't see yet that the Credit Crisis mainly is caused by the Energy Crisis. When they will see that (and they will soon), the sky becomes the limit for our Finance Model.

Another huge upside facet of investing in real basic values (energy/water/food/telecom) is the fact that energy/water/food will become much more expensive the next years/decades. More people on earth, bigger average purchasing power by all people on earth will lead to higher prices on a limited planet. We just have one planet and sharing this one is done largely by the market mechanism of price. The upside perspectives of energy/water/food prices are thereby very positive. This is a gift for the future, based on a calculation facet of today. Certainly Wall Street cannot envision or deliver on this gift.

Everybody is tired of the downside of bubbles. Transparency avoids bubbles. Direct connections avoid bubble. Values that are transparent and give direct connections between capital and investment have a future.

This transparency will lead to a severe decline of today's unproductive trade in financial values. Financial trade doesn't add value, it's just a distribution method that dilute real values. Distribution methods that are more efficient and with little cost performed by the Action Platform. Financial trade will decline severely. Direct digital transactions between capital and investments will replace the obsolete finance distribution field almost totally.

Wall Street (with its bubbles) is the last phase of the old non-digital, concentrated banking system. From now on direct connection, driven by decentralization will be the key direction in banking.

(draft made for communication to the Hon. Dr. Steven Chu, Secretary of Energy)

Testimonial

(in Dutch)

Uit de mond van een WorldBank Director:

(a global player/actor in global energy/water/food investment banking, after asking him if the WB could start a WorldBank 2.0 version with based on the Transition Plan of Planck Foundation)

"Er moet heel wat denkwerk zijn gaan zitten, niet alleen in de GRA, maar vooral ook in het ontwikkelen van modellen voor het reageren op de uitdagingen die de GRA signaleert. Heel creatief en indrukwekkend. Zoals ik eerder al meldde kan ik mij in heel veel ervan volledig vinden. Ook het toepassen van de Raiffeisen-formule op deze situatie spreekt me aan. Bij een economie die zich in veel opzichten (opnieuw) van onderop moet opbouwen, passen ook financieringsmodellen die participatief zijn en op dat niveau werken. Dat gezegd zijnde moet ik wel melden dat de WB op dit moment niet de geschikte plek is om daarmee aan de slag te gaan. De belangrijkste, maar niet enige reden is gelegen in het feit dat de belangrijkste aandeelhouders van de bank (w.o. ook NL) alles in het werk stellen om te verhinderen dat de WB concurrentie aandoet aan de private sector, dat is het bestaande private bankwezen. Wat dat betreft is het hier soms wel frustrerend om steeds weer te zien hoe belangen in ontwikkelde landen die van ontwikkelingslanden in de weg zitten. Mijn oprechte inschatting is dat de tijd hier niet rijp is om dit soort ventures in WB-verband te starten, zo dat al ooit het geval zou kunnen worden. Bij de huidige missie en het huidige governancebestel acht ik het uitgesloten. Ik blijf graag op de hoogte van de verdere ontwikkeling van uw werk."

(Herman Wijffels, Director, World Bank, Washington, USA)

(English translation)

Written by a WorldBank Director:

(a global player/actor in global energy/water/food investment banking, after asking him if the WB could start a WorldBank 2.0 version with based on the Transition Plan of Planck Foundation)

"Creating the Global Resources Analysis and the further development of models that facilitate responses on these developments, must have taken quite some time. Very creative and impressive. As said before, much of it represent the way I see things and see possible solutions. The fact that you have re-vitalized the old Raiffeisen model for the current situation is something I like. By a global situation with economies that must in many perspective re-design themselves, fits certainly finance models that both are participative and have huge impacts. The World Bank can not use this model. The shareholders don't allow any transactions unless they are also done by the existing market. This is frustrating as we all know that there is demand and that this demand hasn't found its response. I sincerely think that the World Bank never will be able to venture for this reason. In the present setting and governance guidelines this is not even possible. I certainly would like to be kept informed on the further developments of your work."

(Herman Wijffels, Director, World Bank, Washington, USA)

(*draft made for communication to the Hon. Dr. Steven Chu, Secretary of Energy*)

First Mover Benefits

The within Planck Foundation developed Transition Plan with its Finance Model en Action Platform create together a total solution: Each bank/financial can start using this model.

The US certainly will not be the one and only government on this digital platform, but certainly they could be the first and have by this a huge head start on later joining nations (and by this being able to become the biggest user/provider on this platform).

The initial public response could be very positive as a re-designed market proposition. Such an image changer would be welcome after all the bad news of the last years.

The Obama Administration with the use of the within Planck Foundation developed Transition Plan in very short time (only several months) can rise 'as a sphinx from the ashes', from outcast to most well-known (and after some time the biggest) global leading investment nation in the secure sectors of energy/water/food (and maybe telecom).

Washington could also have the virtual/commercial version of the new "digital World Bank" 2.0.

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Obama Administration's Energy Transition Plan *(Proposal)*

(draft made for communication to the Hon. Dr. Steven Chu, Secretary of Energy)

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