Title: Establishes a moratorium on the operation of cryptocurrency mining centers; provides that operation of a cryptocurrency mining center shall only be authorized following completion of a full generic environmental impact statement review and a finding that such center will not adversely affect the state greenhouse gas emission targets in the Climate Leadership and Community Protection Act of 2019.

Statement in support: When the State of New York enacted the Climate Leadership and Community Protection Act (CLCPA), the vision of an emissions-free grid by 2040 and a carbon neutral society by 2050 did not factor in the obstacles created by fossil fueled cryptocurrency operations. Cryptocurrency – which can come in many forms like Bitcoin, Litecoin, Ethereum, Ripple, Stellar (etc.) – is a digital asset designed to serve as an alternative currency where individual coin ownership records are stored in a computerized database using strong cryptography to secure transaction records, control the creation of additional coins, and verify the transfer of coin ownership. While this technology is making some wealthy investors richer, the process is incredibly energy intensive and could derail NY’s climate goals.

Several major corporations have been looking to exploit loopholes in New York’s regulatory structure by targeting retiring, retired, or peaking power plants for data centers, bitcoin mining, and the like. While the Public Service Commission (PSC) regulates grid-tied power plants, energy-consumptive Bitcoin mining facilities can absorb a generating plant’s entire electrical output – off-grid and ‘behind the meter’ – evading PSC oversight. In the case of the recently converted coal plant in Greenidge, NY, the new gas turbines now run 24 hours a day, 7 days a week – with an output sufficient to power 93,000 homes – just to produce 5 Bitcoins a day. This under-regulated activity, with no discernable public benefit, has an enormous carbon footprint, and with proposals now spreading to other sites across NY we fear it could significantly undermine the emissions reduction goals of the CLCPA. In fact, if the gap in regulation for behind-the-meter cryptocurrency operations is not closed by the legislature, this kind of digital partnership could be an integral part of every power plant operating in NY – which could profoundly impact environmental justice communities, their air quality and the affordability of electricity.

A.7389 /S.6486 will establish a moratorium on the operation of cryptocurrency mining operations in NY until a full generic environmental impact statement has determined whether such operations can be mitigated to comply with the CLCPA. Passing this bill is imperative, this session. By this time next year there could be hundreds of unregulated datacenters, paired with dirty fossil fuel facilities in NY claiming vested rights for their cryptocurrency operations if the legislature fails to act. Sierra Club urges your support of this important legislation that will close the regulatory gap for cryptocurrency.