



## Cheap Energy Draws Bitcoin Miners To Northwest, Bringing Discriminatory Rate Hike Controversy

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**Low electricity rates in Washington and Oregon have attracted bitcoin miners. But the influx has also courted some controversy after one utility along the Columbia River proposed raising rates specifically on the bitcoiners, according to Northwest News Network, a collaboration of public radio stations. Washington and Oregon have low electric rates on account of hydropower dams.**

The utility, the Chelan County Public Utility District (PUD), is concerned about bitcoin miners taking too much power. The PUD is also reluctant to want to attract too many miners since bitcoin's volatility doesn't ensure the miners will be steady customers.

## Discriminatory Rates?

The PUD recently proposed to nearly double the rates for Dedicated Hosting Services in Entiat, Wash., which leases space to bitcoin miners. The company operates out of a former machine tool shop.

Jared Richardson, a partner at Dedicated Hosting Services, said the rate increase is discriminatory and would "wipe out our business in the area."

The rate hike would impact nearly dozen bitcoin server farms in Chelan County.



CHELAN COUNTY

John Stoll, managing director at Chelan PUD, said the low-cost electricity from the hydroelectric dams is a finite resource and power managers are concerned about the bitcoin industry consuming the spare energy capacity.

The proposed rate hike has caused a fairness debate.

## Bitcoin Volatility Also A Concern

Stoll said the volatility of digital currency also raises a concern. Bitcoin operations emerge and then disappear. "That creates issues for a utility," he said.

Last year, one Chelan County resident compared bitcoin miners to "shooting stars," according to *The Wenatchee World*. The resident said the PUD might have to invest millions in new substations for the miners only to have them close their doors when they can no longer compete with bitcoin miners worldwide.

Malachi Salcido, a mechanical contractor in Wenatchee, Wash. who has expanded into bitcoin mining, said blockchain technology has the potential to grow in Central Washington. Hence, he wants the PUD to take a cautious approach and not quash the opportunity that bitcoin and the blockchain present. Salcido said he would like to see the parties collaborate on a solution.

The utility commissioners have instructed their staff to seek a compromise. The bitcoin companies, for their part, are exploring opportunities in neighboring counties.

A number of miners have established operations in the Douglas County PUD, according to Meaghan Vibbert, a district spokesperson. Vibbert said there have been no problems as the district's load grew by 1.7% from June 2014 to June 2015, which is consistent with recent yearly averages.

The PUDs in Douglas and Grant counties said they require customers to pay for any necessary infrastructure upfront.

*Also read: BTC ASIC hosting expands to 1MW of hydroelectric capacity in Washington State with 2.5 megawatt expansion\**

## Other Big Power Users

Bitcoin miners are not the only businesses drawn to the area for its low power rates. There has also been an influx of data centers. Last year, Chelan County imposed a moratorium on new requests for large electricity users, according to *The Wenatchee World*. The PUD agreed to a moratorium after receiving an unprecedented 34 inquiries for 220 average megawatts of electricity.

A hearing has been proposed Feb. 1 2016 at 1 p.m. in the Chelan PUD Auditorium in Wenatchee for input on the rate proposal. The commissioners have pledged not to take any action at the meeting.

On Feb. 3, the PUD and the bitcoiners will co-host a forum at Wenatchee's Confluence Technology Center to share information. The entrepreneurs will discuss bitcoin's economic benefits and what blockchain technology can bring.

**\*The referenced story is below**

**Bitcoin ASIC Hosting Expands to 1MW of Hydroelectric Capacity in Washington State With 2.5 Megawatt Expansion Underway**



Datacenter Cold Aisle Internal

**Bitcoin mining has become a game of trying to get the most powerful miners in the largest quantities running on the least expensive power as possible. There are some other considerations as well, but these are the most significant. This change has made it difficult for most people to mine at home. That leaves the options of cloud mining or buying your miners and having them hosted. Bitcoin ASIC Hosting has previously been mentioned when CCN had covered the news of a deal with Dell to offer hosting in Dell data centers. In a followup with Allen Oh of Bitcoin ASIC Hosting, we were able to find out how things have progressed with their business. Now that they have announced their expansion to 1 MW with another 2.5 MW expansion underway, growth has been great for them and Bitcoin. Allen, as always, was able to give some insight and plenty of information on their business.**

*Also Read: Bitcoin ASIC Hosting Strikes Deal with Dell for Data Center Miner Hosting*

## Bitcoin ASIC Hosting Interview with CCN

**How long have you been building a 1 MW data center?**

Planning and construction on our facility has been underway for the past three months. This is our third facility expansion.

### **Is the data center insured?**

The data center is fully insured against Acts of God and theft. Since the beginning of our of operation in May 2012 we have never filed a claim. Our physical and electronic security procedures actively prevent all incidents.

### **What kind of miners are you already hosting there and how has the response been from the community?**

We have hosted, serviced, repaired and troubleshot almost every ASIC on the market. We are experienced in servicing and maintaining all KnC units and models (Neptune, Titan, etc.). We also have experience with Cointerra Terraminer IVs, Spondoolies SP30 & SP10s, Dragon Miners, Bitmain Antminer S2, S3 and S4 units. We also perform custom builds and has assembled hundreds of units from various manufacturers. Our response by the community has been very positive, and we appreciate all the support of our small business. We offer unboxing and troubleshooting videos of hardware we encounter. We also provide hosting for crypt ASIC hardware.

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### **Renewable Hydro Power**

Low-cost, reliable power is one of the biggest hurdles in building a large mining data center, and the Pacific North West offers some of the lowest cost renewable power that is found in the US. Companies like BTC Pool Party and others have built there as well. They also have been making sure to be in compliance with regulations as well. This step is very important with that kind of power use and mining power.

### **With abundant, cheap renewable power that is available at your location how large can you expand too in the future?**

We are putting electrical runs and conduit into the ground to scale up to 2.5 megawatts. The publicly owned utilities near our datacenter keeps our costs and carbon footprint down significantly. Having created meaningful relationships with local government and contractors, we aim to expand our business with the lowest input cost while maintaining high caliber infrastructure and quality of service.

### **What were the challenges building the new data center?**

All challenges we have encountered have turned into opportunities to gain knowledge. Learning as much as possible about new and innovative cooling methods is a prime example. The amount of information we have digested as to the most efficient and reliable cooling methods has allowed us to significantly raise the amount of capacity we can bring online. The is all while saving money for ourselves and our clients. Another challenge we faced was making sure that all the contractors aligned correctly. Our coordination as a company is more in-tune than ever.

### **A deal you have with the Dell data center, and now this one has given you a large amount of power and space what kinds of services are you going to offer along with the hosting?**

Colocation in Dell's facility is geared towards large and institutional miners mainly. Dell's tier-3 rated datacenter allows for 100% uptime backed by internet and power redundancies that are unmatched. Bitcoin ASIC Hosting offers a fully managed service at Dell in addition to our other locations.



Bitcoin ASIC Hosting Datacenter Expansion

**Could you tell me a bit more about you and your partners and how it all came together?**

Lauren and I started this company out of necessity. We were both CPU and GPU miners before the first halving of block rewards. Between our office and homes we were able to run many custom built machines for Bitcoin mining. We'd connect 3 GPUs to one motherboard and leave the case open; using house fans for cooling. We have extremely fond memories of searching for deals on hardware components. From power supplies to motherboards and of course video cards.

When we learned about ASIC development from various manufacturers, we decided that we wanted in on the action. We buckled down and ordered several units from Avalon in China. When they arrived, we knew there were going to be problems. This was a much different ballgame. Each unit had to be run in its own circuit meaning extension cords everywhere. Then there was the heat to deal with, both of which almost every commercial or residential power grid was incapable of dealing with.

When we learned about Central Washington, a global hub of data centers, we capitalized on the opportunity. It was this time, in May 2012 that Ryan joined the team as our head geek. He is an old friend and the best at what he does. Our business has expanded significantly, and we have tackled numerous projects and hosted hundreds of miners since with his help.



Outside the Cold Aisle in The New Datacenter

**Where do you see the mining industry moving in the next few months?**

There is going to be a significant change in the overall mining market over the coming months. I believe mining operations will decrease in quantity but increase in size. I am excited to see the next generation of hardware that is about to hit the market. While some manufacturers have phased out for various reasons, there are promising companies that have stepped up to replace their market share.

It will be interesting to see how the Bitcoin price influences the mining market in the coming months. With such high volatility, larger and more robust mining operations tend to be more resilient to the uncertainty of mining.

**Is there anything you would like to talk about I have not touched on yet?**

I wanted to thank you, Scott for this interview and for a great week at the conferences in Las Vegas. CryptoCoinsNews is the premiere news outlet for everything related to Bitcoins and Altcoins, and we really appreciate the interest in our operation.

[divider]CCN[/divider]

Bitcoin ASIC Hosting is growing from a small at home mining operation to a large successful hosting solution for miners. Their aggressive growth and careful planning have been paying off for them. Allen has also offered to have this writer come and tour their facilities and report back to you all on how it is setup, secured and more. When Caleb and I met Allen at the Inside Bitcoins Conference in Las Vegas, we found a very knowledgeable and high energy fellow miner. Allen and his team are movers in the hosting field and have the drive to be one of the most solid Bitcoin companies out there. CCN will bring you more on Bitcoin ASIC Hosting after the new year with exclusive pics inside their datacenters and miner setups. Stayed tuned for more mining news.

***Tell us what you think about mining moving to the cloud and hosting as opposed to in the home or smaller operations in our comments section below.***