



## PUD extends, expands moratorium on data mining businesses

by [Christine Pratt](#) July 6, 2015, 5:57 p.m.

WENATCHEE — Chelan County PUD commissioners Monday extended the utility's moratorium on new applications to supply electricity to energy-intense data-mining businesses and closed a loophole that was allowing data miners to apply anyway.

Commissioners first approved a moratorium on applications for large amounts of electricity — for 1 megawatt or more — in December to give staff time to study how to create rules and a suitable electric rate that would allow energy-intense data centers to operate without overloading neighborhood or commercial power lines and equipment.

“We want to create a rate class that works for them and works for us,” Commissioner Randy Smith said Monday. “It could be the Bitcoin miners or anyone who uses high-intensity energy. The goal is not to exclude them from coming in.”

Commissioners approved the new moratorium at staff request. It will last until at least Dec. 7. The new moratorium is based not on total energy requested, but on the intensity of the energy use. It applies to businesses that would use 250 kilowatt hours of electricity per square foot of space per year.

The change is necessary because under the old moratorium, applicants were getting around the 1-megawatt lower limit by applying for 0.95 megawatts of electricity, Andrew Wendell, the PUD's customer service director, told commissioners.

Since the first moratorium began, the PUD has received from six to 12 applications for power just shy of the old 1-megawatt limit, Wendell told commissioners.

Energy use from these types of data processing businesses has increased from less than one-half a megawatt in October 2014 to more than 3 megawatts through May and will continue to increase, Wendell said, as applications are approved that were received before the first moratorium took effect, and as these smaller 0.95-percenters are approved.

The new energy-intensity-based moratorium should prevent all but the smallest data-mining businesses to apply for power, Wendell said.

Data mining operations are 10 to 100 times more energy intense than the PUD's largest electrical customers, including a large supermarket or fruit-packer, Wendell has said.

The PUD keeps its rates low by selling its surplus generation to the region at higher wholesale prices and using the revenue to subsidize local rates. Data-mining operations, drawn by low rates, would whittle away at that energy surplus and the revenue it provides. This could mean higher rates for everyone, officials have said.

Even so, local real estate developers, including John McQuaig and Malachi Salcido, owner of The Salcido Connection contractors, urged the utility to find a way to allow the mining operations in.

“In my view, you should try to move forward and house some of these facilities,” said McQuaig, who has some property he’d like to lease to a data center in the Mill Pond Industrial Park in Malaga.

McQuaig said that the data centers may not generate many direct jobs, but their presence can add to the assessed value of property in Chelan County, and that results in lower property tax payments for everyone.

Salcido’s company designs and installs building’s mechanical systems, including heating, cooling and electrical. Salcido has leased part of Cashmere’s old Tree Top plant and has subleased to a Bitcoin miner.

His company, he says, has invested \$1 million in the local economy by improving the building’s electrical system for his tenant.

“Please don’t throw the baby out with the bathwater,” he told commissioners. “There are small companies trying to make a quick buck. Others are looking to make a significant investment. We see that as part of our long-term business model.”

Steve King, community development director for the city of Wenatchee, also encouraged commissioners to seek a solution that would allow the data processors to operate.

All supported the PUD’s effort to study the data-mining sector and get the new rules right.

“Bitcoin” is a form of digital currency. Miners use racks of computers that “mine” for data by performing complex mathematical calculations around the clock to win the right to process on-line Bitcoin transactions.

The operations require huge amounts of electricity that neighborhood power-distribution systems can’t handle without upgrades.

The miners pay for the power-system upgrades, but many are transitory. They lease space instead of buy and build. They may set up their data centers in easily movable freight containers. If they find a lower-cost lease or otherwise better business conditions, they can easily pull up stakes, sometimes leaving behind an unpaid power bill and increased power capacity that the next tenant is not likely to need.

The PUD is then faced with the higher cost of maintaining the unused upgrades or dismantling them, officials have said.

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