PUD proposes new cryptocurrency rates

by Nevonne McDaniels | July 23, 2018, 6:48 p.m.

WENATCHEE — Chelan County PUD has about 100 megawatts of power in Monitor, Olds Station, Wenatchee and Malaga that could be used for Bitcoin mining in the next five years.

That’s good news for cryptocurrency miners.

The bad news is they will have to pay upfront charges to cover infrastructure costs for transmission and distribution improvements — starting in the $325,000 per megawatt range — and their monthly electric bills will be based on wholesale market rates.

That’s according to a proposed rate structure presented Monday to PUD commissioners designed to reduce risk to the PUD for the new power-hungry miners. Whether the measures will be enough to lift the current moratorium on cryptocurrency mining applications will be discussed at a public hearing set for 1 p.m. Aug. 6 at the Confluence Technology Center, 285 Technology Center Way, Wenatchee.

Lindsey Mohns, PUD customer utility business manager, presented the proposed fees and rate structure Monday to PUD commissioners.

The rate proposal includes:

• An additional $55 per kilowatt ($55,000 per megawatt) in upfront capital charges to cover transmission costs for service in the Wenatchee corridor (Monitor, Olds Station, Wenatchee and Malaga).
• $270 to $388 per kilowatt ($270,000 to $388,000 per megawatt) in upfront capital charges to cover distribution costs, depending on substation capacity.
• $400 to $500 per kilowatt for transmission costs in areas outside the Wenatchee corridor, though no new connections will be allowed north of Leavenworth.
• Tying half the monthly rate to historical energy market prices — about 6 cents per kilowatt hour for customers in commercial or industrial areas using more than 1 megawatt or 7 cents to 10 cents per kilowatt hour for cryptocurrency miners in residential areas.
• Charging cryptocurrency customers extra if they exceed their authorized power use.

Chelan PUD placed a moratorium on new high-density load hookups in March to give staff time to figure out how best to handle an overwhelming number of applications for power service from cryptocurrency miners that followed a spike in digital currency values last fall.

“The question we’ve been asking ourselves recently is what will it take to get us out of the moratorium?” PUD General Manager Steve Wright told commissioners Monday.

“Volatility in cryptocurrency markets has us taking a cautious approach to new, larger cryptocurrency mining requests,” he said.

“We want to create policies that satisfy our goal to keep our existing, non-cryptocurrency customers neutral to positive, while also giving this new technology a chance to be successful in Chelan County. I guess you could say that our objective is to make lemonade out of what seems to be a daunting challenge.”

On July 9, PUD staff proposed creating a new rate class specifically for cryptocurrency miners. On Monday, the focus was on what the rates might look like.
Mohns said the PUD’s transmission department determined the system has about 100 megawatts of transmission capacity spread through the Wenatchee corridor (Monitor, Olds Station, Wenatchee and Malaga) that could be used for cryptocurrency mining during the next five years.

“That’s good news,” Mohns said. “That’s capacity that’s not being utilized right now and that’s not anticipated to be needed in the near future for local growth. So we could use this to bring cryptocurrency loads into the area.”

No single location has more than 4 megawatts available, though, so the service would have to be spread out.

Mohns added that willingness to pay the upfront costs doesn’t guarantee service availability, but depends on what the system is capable of handling.

Nick Martini and Malachi Salcido, who both have applications for PUD service on hold because of the moratorium, attended Monday’s meeting, but deferred comment.

“I’m just here to hear what you are thinking and to gather information,” Martini said. “I’ll probably think about it before the moratorium hearing.”

For information on the rate proposals, go to the [http://www.chelanpud.org/my-pud-services/rates-and-policies/high-density-loads](http://www.chelanpud.org/my-pud-services/rates-and-policies/high-density-loads)

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