



Chelan PUD extends bitcoin moratorium until October

by Christine Pratt [Feb. 17, 2016, 8:28 a.m.](#)

WENATCHEE — Chelan County’s existing companies that use high-performance computers to “mine” for the digital currency bitcoin will have until at least October to continue to enjoy their current electric rates.

But new small mining firms can’t start operations until then, either.

Chelan County PUD commissioners Tuesday agreed to extend a moratorium on “high-density” energy users until at least Oct. 3. It was originally set to expire next month.

By then, PUD staff expect to complete a study they’ve already begun into how the utility can bring about economic development — something its customers have called for during public outreach exercises and surveys.

PUD General Manager Steve Wright told commissioners Tuesday that he expects the analysis to be finished by spring or early summer, but cautioned that it’s more complicated than just studying the potential benefits of data mining, which national and international news reports have said can only be profitable in places where electricity is cheap or free.

“That is not an easy analysis to do,” Wright said. “If our rates change, it can have an economic impact across the valley to existing customers.”

Since the moratorium took effect in December 2014, staff has studied impacts and proposed a new rate of 5.036 cents per kilowatt for these types of data centers. That’s about double what these customers currently pay.

These bitcoin business owners say that rate would put them out of business. The ones already here operating have asked to be grandfathered — allowed to operate at the current rate — even if commissioners eventually approve the higher, staff proposal.

Approximately 17 of these data centers are operating in the county.

Others have called for a continued lower rate, citing the potential they could one day have to provide family-wage jobs, expanding the property tax base and creating the groundwork for what could become a seedbed for emerging technology based on the bitcoin model. That hasn’t happened yet.

PUD staffers have said that failure to raise the rates on this class of customers could force them to raise rates for all other customers.

Many Chelan County residents, including a host of big-name fruit packers, have opposed paying more just to keep these new data centers profitable.

On Tuesday, Wenatchee lawyer Dale Foreman, who represents ZoomHash, a company that leases local data center space to bitcoin miners, told commissioners his clients started their businesses here in good faith based at their current electric rate and that good reason and grounds exist to have them grandfathered.

Others, including real estate developer John McQuaig and Port of Douglas County Commissioner Jim Huffman, pointed to potential for tax benefits and job growth from these small data centers in business, despite the estimated high costs of building out a fortified electric system to support them.

“It could very well be that the overall impact is positive rather than negative,” Huffman said.

Huffman has also observed that the PUD’s current business model of relying on revenue from the sale of surplus generation to keep local rates low will only become more tenuous as the county and its need for electricity grows over time and the available surplus, and the revenue it provides, shrinks.

McQuaig urged the PUD to make its decision based not just on its own bottom line but on the overall economic benefit for the county. He pointed to the PUD’s latest presentation, Tuesday, which pointed to several dozen new jobs that would have to be created at the PUD, alone, if its local demand were to grow rapidly in the short term.

ZoomHash’s Richardson proposed the PUD help him develop an idea to use the intense heat generated by these bitcoin data centers to power county homes and businesses in the winter as a way to offset costs. His idea, which he said is still undeveloped, could involve having small bitcoin data centers installed at homes and businesses to offset the cost of winter heating.

Commissioner Garry Arseneault observed that nothing is currently stopping any data center from requesting 5 megawatts of power and entering into a contract to operate in the county. It’s the small ones in the 1 to 4 megawatt range that require study and potential regulation.

“These are the difficult considerations we have to wade our way through,” he said.