

PUD ponders more up-front costs for bitcoiners

by Christine Pratt March 22, 2016, 2:28 p.m.

WENATCHEE — Chelan County PUD staff Monday unveiled a refined — but still under construction — proposal for high-intensity energy users that includes a per-kilowatt-hour rate a bit lower than initially proposed and higher up-front hook-up costs.

The newest proposal is the result of more than year of analysis and customer comments received during public hearings and public commission discussions.

Malachi Salcido, a local bitcoin miner and landlord to other bitcoin mining operations, told commissioners he likes what he's hearing.

"In my opinion, we're getting there," he told commissioners. "I like this proposal... I think it's a good balance."

Responding to a question from Commissioner Ann Congdon, staffers said the new proposal would not require rate increases for other customer classes.

The latest proposal would include an approximate energy charge of 4.57 cents per kilowatt hour for high-intensity energy users, down from the originally proposed 5.036 cents.

Local bitcoin miners, including Salcido, said the rate as originally proposed would put them out of business and render them unable to recover the millions they've spent in their specialized data centers. They currently pay about 3 cents.

The new proposal protects the PUD's investment in high-capacity equipment needed to supply these energy-intense data centers by requiring the customer to pay about \$200,000 in up-front costs per megawatt of electricity desired.

Staff will refine its estimates over the next 30-to-60 days and consider phasing-in the proposed rate over time for existing high-density customers. New applicants would pay the proposed rate from the start.

The new rate and conditions would apply to computer data centers and similar energy-intense technological operations that use less than 5 average megawatts per year with an "energy-use-intensity" of 250 kilowatt hours per square foot per year.

PUD officials say this intensity is about 10 to 40 times more power per square foot than the PUD's largest commercial industrial customers.

Bitcoin "miners" use their specialized, high-performance computers to process transactions of bitcoin, a currency that exists only in digital form. PUD officials have said these data centers use extraordinarily high amounts of electricity that, at their current rates, would strain PUD finances and could result in rate increases for all its other customers.

The PUD has a moratorium in place on new high-density hook-ups. Staffers expect to have a high-density rate proposal ready for commission vote on June 6. Monday's public hearing on the proposed high-density power rate will continue in the commission board rooms April 4.

Reach Christine Pratt at 509-665-1173 or pratt@wenatcheeworld.com. Follow her on Twitter at [@CPrattWW](https://twitter.com/CPrattWW).