

A compromise for a Bitcoin

Editorial

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Many, perhaps most ratepayer-owners of the Chelan County PUD do not understand Bitcoin, what Bitcoin miners do and how they make, or do not make money. Banks of megawatt-sucking computers battling in the clouds for the chance to process a currency that exists only in electromagnetic impulses is beyond our experience.

But, truly, that is beside the point. With luck, there will be many businesses in our future that transcend our 20th century frame of reference. If we are to take advantage of 21st century opportunity we must keep an open mind.

The trouble isn't so much the Bitcoin or blockchain business, whatever that is. The problem is what the Bitcoin entrepreneurs were asking of the ratepayers. That was, to accept a large share of their financial risk, by financing the infrastructure to serve them and contributing the possibility that because of Bitcoin miners we would be forced to pay much higher rates for our electricity.

The PUD staff offered a rate classification that would require users of 250 kilowatt hours per square foot of power, and less than 5 megawatts per year, to pay 5.04 cents per kilowatt, up from 3 cents paid now. The Bitcoin miners, whose specialized servers inhale power in city-sized chunks, said this would put them out of business. Without the rate increase the miners together could consume all surplus PUD power now sold to subsidize the low local rates that attracted them. Rates could double, or worse. And if an undercapitalized Bitcoiner should fail, a distinct possibility in any fledgling industry, then the PUD would be left with the bills for expensive infrastructure improvements.

There may be a compromise brewing that could avoid this dilemma, reducing the risk for ratepayers while allowing an experimental industry to establish itself. The PUD staff made an initial proposal that businesses consuming power at Bitcoin volume pay a 4.57-cent rate and a \$200,000-per-megawatt up-front cost to cover infrastructure improvements. Based on current projections this would be sufficient to make a rate hike unlikely. Local Bitcoin miners said, "We're getting there."

This proposal was arrived through admirable patience on the part of the PUD, taking time to gauge the ramifications of policy and measure public reaction. The result may be that the ratepayers and their money are protected from the less desirable effects of power gobblers, while giving new and previously unimagined businesses a chance. That is a way to turn a potentially damaging policy into a bonus for ratepayers, the community's economic future, and the Bitcoin miners. That's good for us all.