



Cryptocurrency Mining: A Hot Topic in the Energy Sector

OE Watch Commentary: Even before the official announcement regarding the development of the cryptoruble, the enormous energy required for cryptocurrency mining had become a hot topic for those in the energy sector. According to the first article, as part of his presentation at the recent Energy of Possibilities Forum, the Governor of Leningrad Oblast, Aleksandr Drozdenko, addressed representatives of small and medium-sized businesses with an offer to move in next door to the new local power plant.

As miners near the finite number of Bitcoin available, the computing power needed to decrypt and mine Bitcoin has increased significantly. As a result, miners are looking for cheap sources of electricity and energy providers may be able to capitalize on the opportunity to attract new high-tech ventures to develop their local regions.

Aside from this resourcing issue creating further divisions of haves and have-nots, the question of energy production sustainability looms large on the horizon. According to the second article, Bitcoin mining currently makes up .13% of the world's energy consumption, a jump of 29.98% in the last month alone. The author points out that if the energy usage continues to grow at that rate, it will equal 100% of current energy consumption worldwide by 2020. **End OE Watch Commentary (Hall)**

“If Bitcoin miners around the world made up their own country, they would be in 61st place in the world in energy consumption, surpassing 159 other countries.”

Source: “Крипторубль – предполагаемое место рождения (Cryptoruble’s presumed birthplace),” *freedman.club*, 20 September 2017. <https://freedman.club/riptorubl-predpolagaemoe-mesto-rojdeniya>

As you know, the construction of Leningrad Nuclear Power Plant Number 2 (LAES-2) in Sosnovy Bor is nearing completion. As part of this, a large area where the first nuclear power plant was is now about to be freed up. We thought long and hard about how to use the space in the future, including for a modern technology park, but now we have the idea to offer up this space to be used for creating innovative high-energy requirement [production] plants. We haven’t ruled out that this space could be of interest to the developers of the Russian cryptocurrency.”

Source: “Майнеры биткойна занимают 61-е место в мире по расходам электроэнергии (Bitcoin miners are in 61st place in the world in energy usage),” *prizm24.ru*, 20 November 2017. <http://prizm24.ru/mayneri-bitkoyna-zanimayut-61-e-mesto-v-mire-po-rashodam-elektroenergii/#more-1603>

According to the new statistics, the electricity used for Bitcoin mining could power 2.4 million homes in the U.S. and 6.1 million in Great Britain...Analysts at Citigroup have calculated that, given this level of energy expenditure, mining cryptocurrency may no longer be profitable as soon as 2022. For the current market model of mining to be at least somewhat profitable, in five years the exchange rate for Bitcoin will have to be between \$300,000 and \$1.5 million...

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A mining farm of Genesis Mining located in Iceland. The picture shows mainly Zeus script miners.

Source: By Пресс-центр форума "Открытые инновации" via Wikimedia Commons, https://commons.wikimedia.org/wiki/File:3AOpen_Innovations_Forum_and_Technology_Show_Logo.jpg, CC BY SA 4.0.