



February 27, 2024

Members of the Senate Commerce Committee
700 W Jefferson Street
Boise, ID 83702

Subject: Idaho Investor-Owned Utilities Oppose the "Bitcoin Protection Act"

Members of the Senate Commerce Committee:

On behalf of Idaho investor-owned utilities Avista Corporation, Idaho Power Corporation, and Rocky Mountain Power, we urge you to **oppose Senate Bill 1296**, also known as the "Bitcoin Protection Act," for a variety of reasons.

First, the definitions in Senate Bill 1296 are confusing. The bill introduces a new definition of "data center" which is different than other definitions of "data center" already in Idaho Code. Further, Senate Bill 1296 defines "bitcoin mining business" as "a group of computers working at a single site that consume more than one (1) megawatt of energy on an average annual basis for the purpose of generating bitcoin by securing the bitcoin network." This definition captures very large electricity loads, large enough to access transmission facilities. Finally, **SB1296 would spark litigation and confusion over its definition of "discriminatory rates,"** which the bill vaguely defines as "substantially different from other similar industrial uses of electricity in similar geographic areas after accounting for the cost of service." This definition itself refers to "industrial uses" while the bill describes bitcoin mining as including "home bitcoin mining" that occurs in a "private residence." Is bitcoin mining an "industrial use" that occurs in a private residence, in a residential neighborhood? Apparently so, according to the bill.

Cryptocurrency mining is extremely power-consumptive and the one-megawatt threshold that defines "bitcoin mining" is an electrical load roughly equivalent to the consumption of a Costco or Walmart and qualifies for access to transmission facilities. Serving a one-megawatt or greater electrical load requires conductors ("power lines"), transformers and substations with sufficient capacity to deliver that much (or more) electricity. Typical residential neighborhoods are not equipped with the electrical infrastructure to serve a one-megawatt or larger load at a "private residence." Significant upgrades to a serving utility's infrastructure would need to be made; should all residential customers be expected to pay the costs of upgrading their utility's infrastructure so that it can serve "home bitcoin mining?"

To date, no crypto mining project has been willing to fund infrastructure upgrades to support its own interconnection. Moreover, because crypto mining is highly mobile, the IPUC has expressed concern



that the utilities could have stranded generation assets if crypto mining projects cease their operations or move locations.

The bill prohibits “unduly discriminatory” rates for bitcoin mining. However, current law prohibits preferential and unduly discriminatory rates and **the IPUC has previously approved a special tariff and rate class for cryptocurrency mining**, called “speculative high-density load.” Thus, SB1296 is duplicative and unnecessary, and raises questions about its intent.

Senate Bill 1296 says “Bitcoin mining has the potential to stabilize the grid and provide revenue for infrastructure upgrades statewide.” However, without the ability to curtail these projects during peak hours, **the crypto mining operations will constrain the grid and result in the need for new generation resources to support the demand.**

Finally, **the bill only references “Bitcoin,” when in fact there are hundreds of different types of digital currencies.** This will create confusion at the IPUC when crypto miners who are trading Bitcoin receive a different rate class than non-Bitcoin crypto miners who would not be covered under the bill.

Put simply, if passed, Senate Bill 1296 would greatly complicate utility operations and ratemaking decisions at the IPUC. Please **oppose Senate Bill 1296.**