



NATIONAL

The rise of crypto mines in the South raises concerns for the electric grid, rates

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HEARD ON MORNING EDITION

By Melanie Faizer

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Crypto mines have been drawn to states with low utility rates, but there's worry their high power demands could raise rates and weaken grids during heat waves or snowstorms.

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MICHEL MARTIN, HOST:

For cryptocurrency trading to happen, massive amounts of data have to be stored and transmitted. That process is called crypto mining, and it requires a lot of power. Utility providers in many states are struggling to plan for the growing electricity demand. From member station WUOT in Knoxville, Melanie Faizer has this report.

(SOUNDBITE OF MACHINES HUMMING)

MELANIE FAIZER, BYLINE: That hum is the sound of a cryptocurrency mining operation in Knoxville, Tenn. Only a few people work here, but it makes up almost 10% of the local utility's sales.

STEPHEN SMITH: I don't think a lot of people fully understand how huge these things really are and what the impact is on the electrical grid.

FAIZER: That's Stephen Smith of the Southern Alliance for Clean Energy. Crypto mines are popping up all over the U.S., especially since China and some other countries have restricted mining. Now they're setting up in states with low rates and no regulation, like Tennessee. Jeff Lyash is CEO of the Tennessee Valley Authority, the federal utility that provides power across seven states.

JEFF LYASH: We do have a pretty considerable number of cryptocurrency miners in the region because of the low cost and reliable power that we provide. As a matter of fact, I just two weeks ago met with about 300 cryptocurrency miners here in the footprint to talk about just these issues.

FAIZER: Those issues include planning for high demand on the grid and higher rates. A recent government study found 137 crypto facilities in 21 states, but the real number isn't known because there's no regulation. What is known is that crypto mines don't add many jobs or stimulate growth, says Giovanni Compiani. He co-authored a study on crypto in New York state.

GIOVANNI COMPIANI: One is its negative effects on households and small businesses, who are going to pay, essentially, higher prices for electricity as a result of the entrance of the crypto mine.

FAIZER: That's why New York state recently banned some crypto mining. Besides higher prices, electricity demand during heat waves and cold snaps poses a challenge. Most utilities, including TVA, offer financial incentives to their biggest customers, like crypto, to temporarily power down when demand is high. But

those incentive programs are voluntary, leaving the grid vulnerable. Again, Stephen Smith.

SMITH: What you want is, TVA needs to be able to force those people to curtail, not voluntarily allow them to curtail.

FAIZER: Crypto mines are now setting up in Memphis, and the city is in a fight that's become familiar to many communities. Councilman Jeff Warren says the strain on the grid isn't worth it, especially in light of higher employment projects like Ford's BlueOval City campus.

JEFF WARREN: You start having that sort of issue with TVA not having enough power, but you want to make sure you're powering the BlueOval City and all the other companies that are coming in with those jobs. Why do you want to overburden TVA or your power companies with crypto mining?

FAIZER: One crypto company, GRIID, said in an email that the Tennessee Valley is attractive for them because of the low electric rates and that they're willing to be flexible with energy use when needed. But Scott Banbury of the Sierra Club says utilities don't have much leverage.

SCOTT BANBURY: They don't really have authority to regulate who gets power, and so then it ends up being a local issue.

FAIZER: Indeed, it's being left to residents and communities to figure out for themselves if crypto is moving in and whether or not it belongs. Meanwhile, state lawmakers in Tennessee are considering bills that would protect crypto miners from local zoning restrictions.

For NPR News, I'm Melanie Faizer in Knoxville.

(SOUNDBITE OF ALFA MIST'S "BRIAN")

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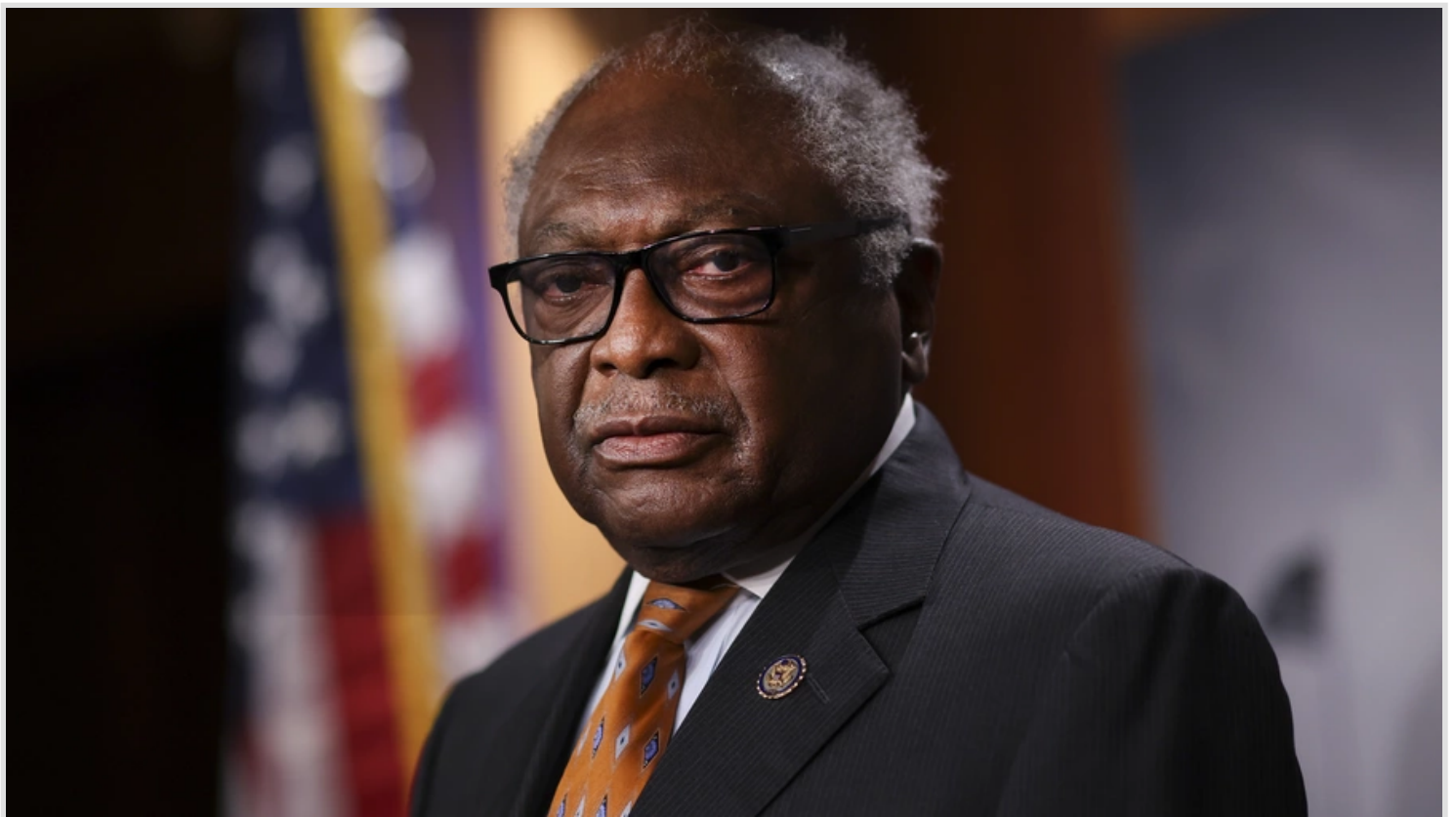
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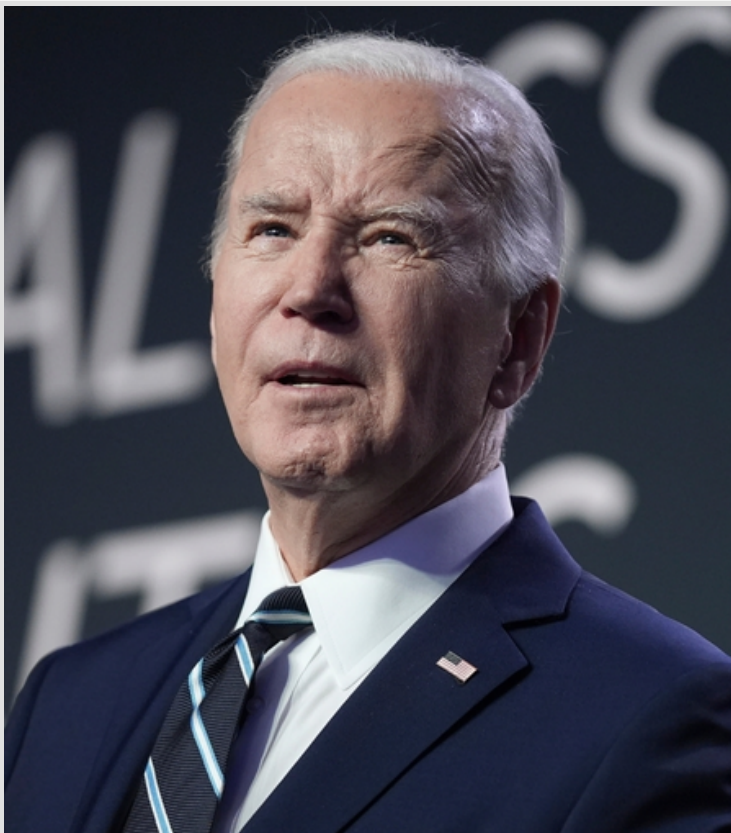
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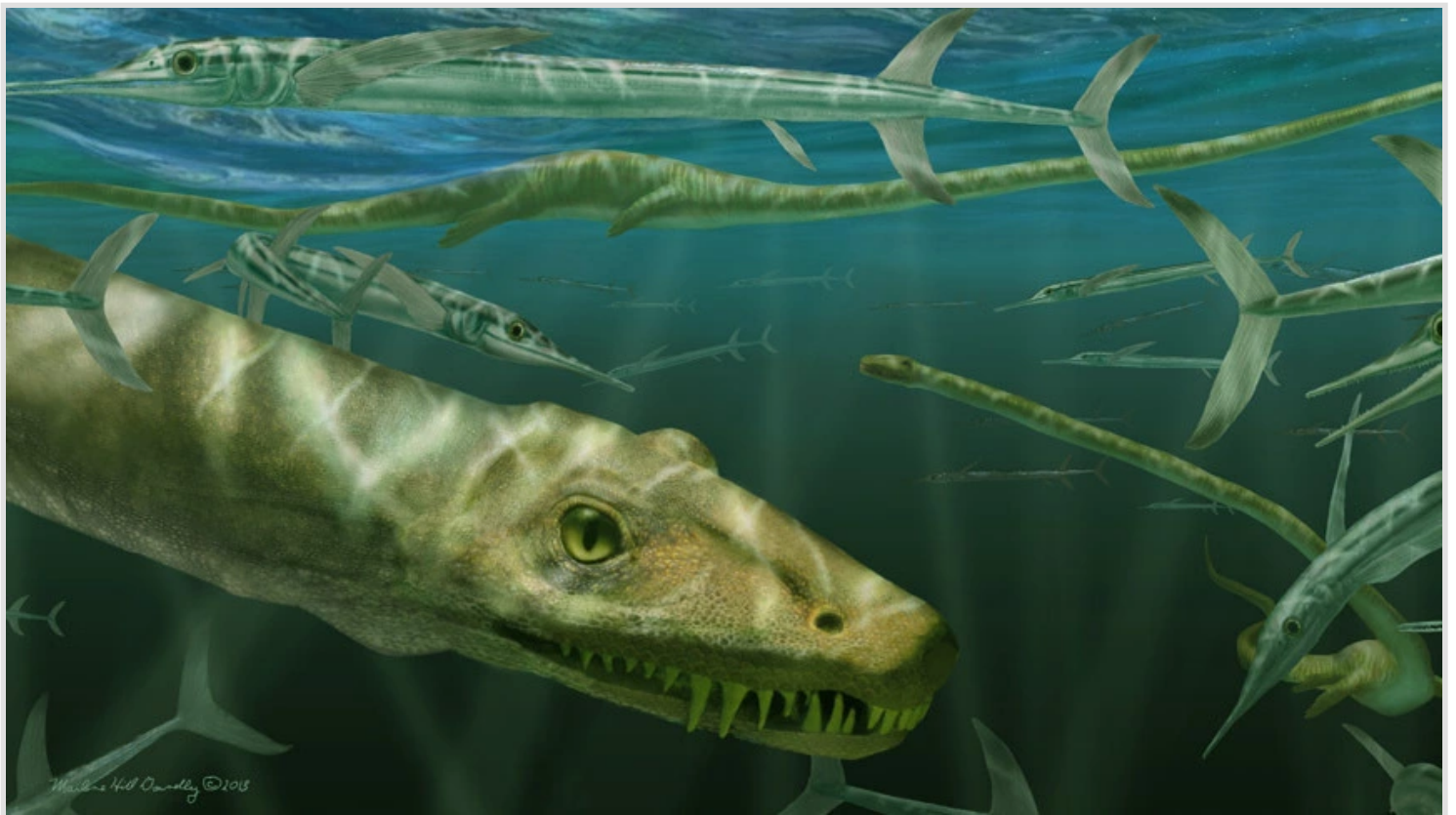
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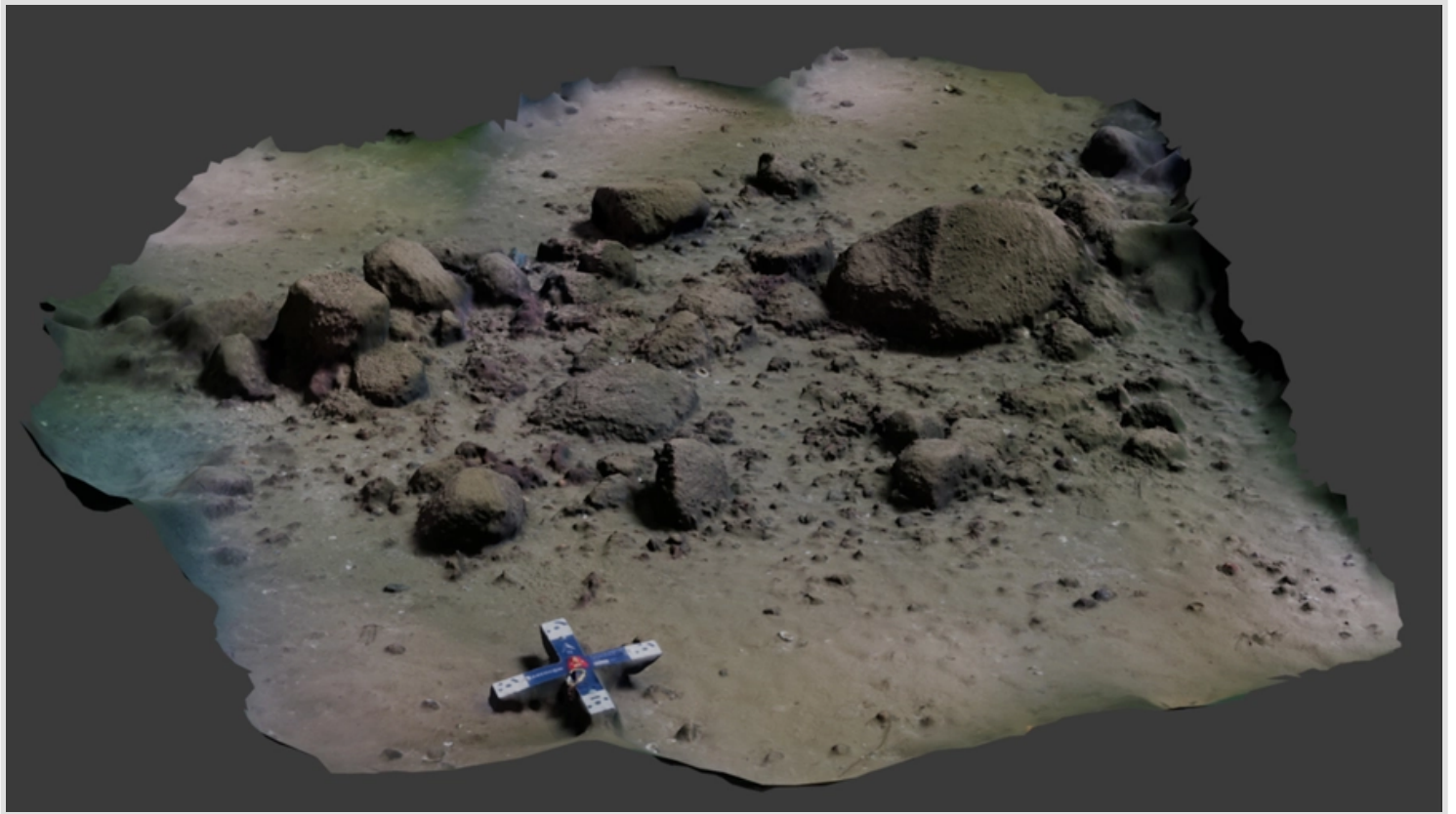
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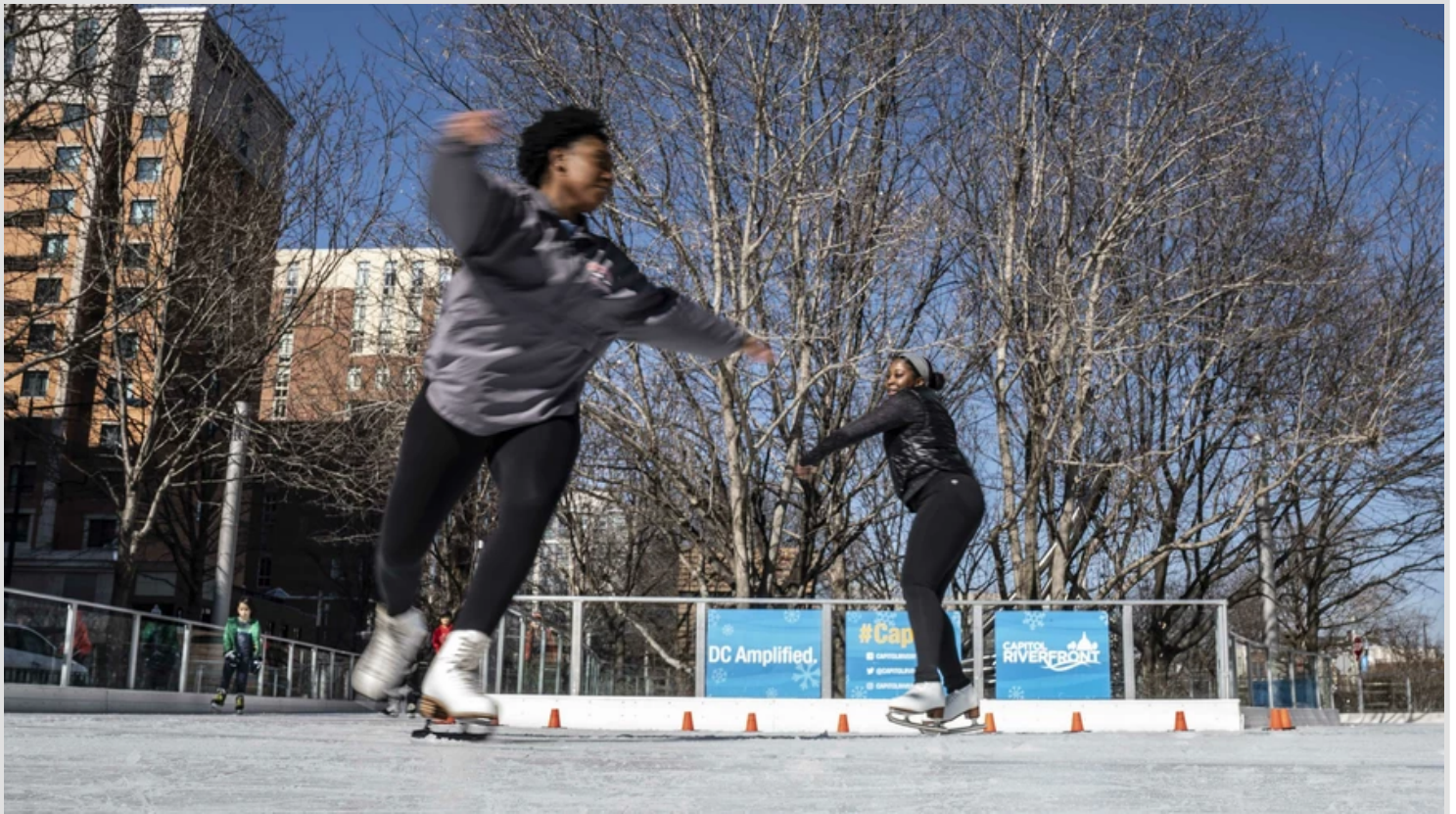
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