

New York Assembly Passes Anti-Mining Bill

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On April 26, 2022, the New York Assembly passed a [bill](#) that would place a two-year moratorium on certain cryptocurrency mining operations that use proof-of-work authentication (POW) methods to validate blockchain transactions (e.g., Bitcoin). The theory underlying the bill is that continuing expansion of “cryptocurrency mining operations running proof-of-work authentication methods to validate blockchain transactions will . . . impact compliance with the Climate Leadership and Community Protection Act,” which requires New York to substantially reduce greenhouse gas emissions.

Limited Impact of Moratorium on Mining in New York

Some reports describe this bill as an outright ban on POW mining operations in New York. That is incorrect. The bill is far more limited in scope. *First*, the bill would prohibit the issuance of new air permits and the renewing of existing air permits. The bill would not affect presently operating POW mining operations whose air permits need not be reviewed within the moratorium period (air permits can be issued for up to five years). *Second*, new and renewal permits would be prohibited only for “an electric generating facility that utilizes a carbon-based fuel.” That means that mining operations using POW are unaffected if they use alternative energies, such as wind, solar, hydroelectric, or other renewable energy sources.

Although the bill does not create a prohibition on mining, as some believe it will, it could potentially do serious and lasting damage to New York’s mining industry. Assemblymember Anna Kelles drafted the bill in question in response to a private equity firm converting a defunct coal-fired power plant to operate using natural gas and then using the power generated to mine cryptocurrency. Mining operations may be hesitant to invest substantial capital into New York if they fear having their operations shut down at any time due to changes in New York’s regulatory landscape.

Assessment of Environmental Impact of Mining in New York

The bill also calls for the New York State Department of Environmental Conservation, in consultation with the New York State Department of Public Service, to prepare a generic environmental impact statement on cryptocurrency mining operations using POW. The statement would address, at a minimum, in New York:

- i. The number and location of existing cryptocurrency mining operations that use POW.
- ii. The amount of electric energy consumed by each cryptocurrency mining operation that uses POW.

- iii. The sources of electric energy and types of fuel consumed to power each cryptocurrency mining operation that uses POW.
- iv. The amount of greenhouse gas emissions and co-pollutants released as a result of cryptocurrency mining operations that use POW.
- v. The anticipated increase in number or expansion of any cryptocurrency mining operations that use POW.
- vi. The potential impacts of electric energy consumption by cryptocurrency mining operations that use POW on New York's ability to meet its greenhouse gas emission reduction goals.
- vii. The amount of water usage, water quality, and other ecological impacts of cryptocurrency mining operations that use POW.
- viii. The potential public health impacts on communities near cryptocurrency mining operations that use POW.
- ix. The potential statewide public health impacts of increased greenhouse gas emissions due to cryptocurrency mining operations that use POW.
- x. The social and economic costs and benefits of cryptocurrency mining operations that use POW.

It remains to be seen how the responsible departments would attempt to accurately assess certain of the above categories of information. But if this environmental impact statement is prepared, its methodology and findings could provide valuable insight into how receptive those departments will be to the mining industry in New York. It could also become a template for how other states examine their own support for mining.

The bill still needs to be considered by the New York State Senate.

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