

ONTARIO ENERGY ASSOCIATION

Industrial Conservation Initiative Cryptocurrency Mining Exclusion Proposal Number: 22-ENDM007

APRIL 25, 2022

To shape our energy future for a stronger Ontario.



ABOUT

The Ontario Energy Association (OEA) is the credible and trusted voice of the energy sector. We earn our reputation by being an integral and influential part of energy policy development and decision making in Ontario. We represent Ontario's energy leaders that span the full diversity of the energy industry.

OEA takes a grassroots approach to policy development by combining thorough evidence based research with executive interviews and member polling. This unique approach ensures our policies are not only grounded in rigorous research, but represent the views of the majority of our members. This sound policy foundation allows us to advocate directly with government decision makers to tackle issues of strategic importance to our members.

Together, we are working to build a stronger energy future for Ontario.

The recommendations contained in OEA papers represent the advice of the OEA as an organization. They are not meant to represent the positions or opinions of individual OEA members, OEA Board members, or their organizations. The OEA has a broad range of members, and there may not always be a 100 percent consensus on all positions and recommendations. Accordingly, the positions and opinions of individual members and their organizations may not be reflected in this document.

The Ontario Energy Association (OEA) welcomes the opportunity to provide comments on the Ministry of Energy's (the Ministry) proposal to prohibit facilities that mine cryptocurrency from participating in the Industrial Conservation Initiative (ICI).

The OEA does not support the proposal.

The OEA has a longstanding view that government policy in the energy sector should be technology/customer agnostic under most circumstances. Extraordinary circumstances should be the only reason to deviate from being technology neutral. For example, public health and environmental concerns drove Ontario's policy decision to phase-out and ban coal-fired electricity generation.

It is not clear to the OEA what overriding policy concern is driving the proposal to exclude facilities that mine cryptocurrency from participating in the ICI. The proposal states that the reason for excluding these facilities is because "Cryptocurrency mining is electricity intensive and, as such, is not aligned with a program like ICI that is intended to encourage electricity conservation."

However, [from its inception](#), the intent of the ICI was to provide an incentive for large electricity users to shift demand in order to reduce their bills, and to reduce system peak capacity generation needs.¹ Further, the regulatory proposal itself states that it "allows participating consumers to manage their Global Adjustment costs by reducing their demand during the peak demand hours of the year. The reductions achieved in ICI benefit the electricity system and all other consumers, by reducing the need for new generation capacity additions that would otherwise add costs to the ratebase."

Therefore, it is not obvious to the OEA what unique rationale is being used to exclude facilities that mine cryptocurrency from the ICI. Given that these facilities are electricity intensive, they appear to be suitable participants in the program because the ICI would provide them an incentive to shift demand and conserve electricity. And presumably there are a wide variety of other potential customers/uses which would be electricity intensive but would not be excluded from the program. Therefore, it is not clear on what basis a distinction is being made for one very specific type of end use.

Additionally, it is not clear how the Ministry intends to define facilities that mine cryptocurrency (e.g., is it defined as a facility that exclusively mines cryptocurrency, or will facilities that partially mine cryptocurrency while primarily undertaking other activities also be included).

Last, it is unclear how the Ministry expects such an exclusion could be enforced effectively and efficiently by electricity service providers, especially with the lack of a clear definition of a cryptocurrency facility.

¹ "By reducing the province's peak demand, ICI has the added benefit of deferring the need to build peaking generation." See: <https://news.ontario.ca/en/backgrounder/41819/ontarios-industrial-conservation-initiative-ici>

energyontario.ca

CONTACT

121 Richmond Street West
Suite 202

Toronto, Ontario M5H 2K1

416.961.2339

oea@energyontario.ca

 [@energyontario](https://twitter.com/energyontario)

energyontario.ca



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