# STATE OF NEW YORK

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6486--D

2021-2022 Regular Sessions

# IN SENATE

May 3, 2021
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Introduced by Sens. PARKER, MAY, BIAGGI, BRISPORT, GOUNARDES, JACKSON, KRUEGER, RAMOS, RYAN, SALAZAR -- read twice and ordered printed, and when printed to be committed to the Committee on Environmental Conservation -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Environmental Conservation in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the environmental conservation law, in relation to establishing a moratorium on cryptocurrency mining operations that use proof-of-work authentication methods to validate blockchain transactions; and to require a comprehensive generic environmental impact statement review

**The People of the State of New York, represented in Senate and Assembly, do enact as follows:**

1     Section 1.   Legislative  findings. The legislature hereby finds and
2  declares that:
3     (a) Climate change threatens the health, welfare, and economy  of  the
4  state with increasingly severe and widespread impacts to our communities
5  due  to  flooding,  sea level rise, heat waves, coastal erosion, erratic
6  and unpredictable weather patterns, shifting  climatic  zones,  loss  of
7  wildlife,  increased  harmful  algal  blooms  and  invasive species, and
8  increased risk of disease, in part, which  leads  directly  to  loss  of
9  life,  property  damage  and  reduction in value, ecological damage, and
10  increased infrastructure costs;
11     (b) It is the policy of the State of New York to conserve, improve and
12  protect its natural resources and environment and to prevent, abate  and
13  control  water,  land and air pollution, in order to enhance the health,

1  safety and welfare of the people of the state and their overall economic
2  and social well-being;
3    (c)  To mitigate the current and future effects of climate change, the
4  State of New York  implemented  the  Climate  Leadership  and  Community
5  Protection  Act,  requiring  that  statewide greenhouse gas emissions be
6  reduced eighty-five percent by 2050 and that  the  state  has  net  zero
7  emissions in all sectors of the economy by that time;
8    (d) Cryptocurrency mining operations running proof-of-work authentica-
9  tion methods to validate blockchain transactions are an expanding indus-
10  try in the State of New York; and
11    (e)  The  continued  and  expanded  operation of cryptocurrency mining
12  operations  running  proof-of-work  authentication  methods  to  validate
13  blockchain transactions will greatly increase the amount of energy usage
14  in the state of New York, and impact compliance with the Climate Leader-
15  ship and Community Protection Act.
16    §  2.  The  environmental  conservation law is amended by adding a new
17  section 19-0331 to read as follows:
18    **§ 19-0331. Moratorium on air permit issuance and renewal.**
19    **1. For the period commencing on the effective date of this section and**
20  **ending two years after such date,  the  department,  after  consultation**
21  **with  the department of public service, shall not approve a new applica-**
22  **tion for or issue a new permit pursuant  to  this  article,  or  article**
23  **seventy  of  this  chapter,  for  an  electric  generating facility that**
24  **utilizes a carbon-based fuel and that provides, in  whole  or  in  part,**
25  **behind-the-meter  electric energy consumed or utilized by cryptocurrency**
26  **mining operations that use proof-of-work authentication methods to vali-**
27  **date blockchain transactions.**
28    **2. For the period commencing on the effective date of  this    section**
29  **and  ending  two years after such date, the department shall not approve**
30  **an application to renew an existing permit or  issue  a  renewal  permit**
31  **pursuant  to  this  article for an electric generating facility that**
32  **utilizes a carbon-based fuel and that provides, in  whole  or  in  part,**
33  **behind-the-meter electric energy consumed or utilized by a cryptocurren-**
34  **cy  mining  operation  that uses proof-of-work authentication methods to**
35  **validate blockchain transactions if the  renewal  application  seeks  to**
36  **increase  or  will allow or result in an increase in the amount of elec-**
37  **tric energy consumed or utilized by a  cryptocurrency  mining  operation**
38  **that  uses  proof-of-work  authentication methods to validate blockchain**
39  **transactions.**
40    § 3. Generic environmental impact statement. (a)  The  department  of
41  environmental  conservation,  in  consultation  with  the  department of
42  public service, shall prepare, pursuant to article eight of the environ-
43  mental conservation law, a generic  environmental  impact  statement  on
44  cryptocurrency  mining  operations that use proof-of-work authentication
45  methods to validate blockchain transactions.
46    (b) The generic environmental impact statement  shall  address,  at  a
47  minimum:
48    (i)  the  number  and location of existing cryptocurrency mining oper-
49  ations that use proof-of-work authentication methods to validate  block-
50  chain transactions in the state;
51    (ii)  the  amount  of  electric energy consumed by each cryptocurrency
52  mining operation that uses proof-of-work authentication methods to vali-
53  date blockchain transactions;
54    (iii) the sources of electric energy consumed by  each  cryptocurrency
55  mining operation that uses proof-of-work authentication methods to vali-

date blockchain transactions and the type of fuel used by each energy
source;

(iv) the amount of greenhouse gas emissions and co-pollutants released
by each energy source attributable to providing electric energy to cryp-
tocurrency mining operations that use proof-of-work authentication meth-
ods to validate blockchain transactions;

(v) the anticipated increase, if any, of cryptocurrency mining oper-
ations that use proof-of-work authentication methods to validate block-
chain transactions in the state and the anticipated expansion, if any,
of existing operations;

(vi) the potential impacts of electric energy consumption by crypto-
currency mining operations that use proof-of-work authentication methods
to validate blockchain transactions on the state's ability to meet the
greenhouse gas emission reduction goals set forth in article seventy-
five of the environmental conservation law;

(vii) the amount of water usage, water quality and other ecological
impacts, if any, of cooling water use by cryptocurrency mining oper-
ations that use proof-of-work authentication methods to validate block-
chain transactions;

(viii) the potential public health impacts, if any, due to reduced air
and water quality in communities near cryptocurrency mining operations
that use proof-of-work authentication methods to validate blockchain
transactions;

(ix) the potential statewide public health impacts, if any, from
increased greenhouse gas emissions released by cryptocurrency mining
operations that use proof-of-work authentication methods to validate
blockchain transactions; and

(x) the social and economic costs and benefits, if any, of cryptocur-
rency mining operations that use proof-of-work authentication methods to
validate blockchain transactions.

§ 4. Any generic environmental impact statement draft shall be posted
on the department of environmental conservation's website and be subject
to 120 days of public comment from the date of issuance. The department
of environmental conservation shall conduct at least one public hearing
in each of the following regions of the state: western New York, the
finger lakes, the southern tier, central New York, the Mohawk valley,
the north country, the capital region/Hudson valley, and the City of New
York/Long Island, as defined by the Empire State Development Corpo-
ration, and provide meaningful opportunity for comment.

§ 5. The department shall issue a final generic environmental impact
statement after close of the public comment and public hearing period
and no later than one year after the effective date of this act.

§ 6. For the purposes of this act:

(a) "Cryptocurrency mining operations that use proof-of-work authenti-
cation methods" shall mean the use of a consensus algorithm in a block-
chain network used to confirm and produce new blocks to the chain to
validate a cryptocurrency transaction, where competitors complete new
blocks and where the algorithm changes the complexity of the competition
in a manner that is designed to and/or results in increased energy usage
for each competitor when the complexity is increased; and

(b) "blockchain" shall mean a digital ledger in which transactions are
recorded chronologically and publicly.

§ 7. This act shall take effect immediately and shall apply to all
permits or renewal applications filed after such date.